

## CHAPTER 8

# Communication is the Key to Effective Selling

*You learn nothing by talking. You can learn everything by listening.*

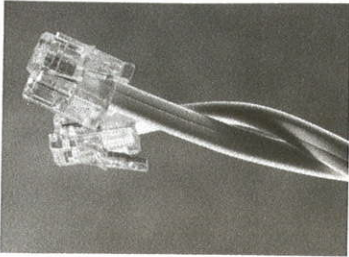
**After reading and studying the material in this chapter, you will be able to:**

- 1. Follow the five key steps in the communication process.**
- 2. Apply the principles of effective listening.**
- 3. Ask the five types of questions at the most appropriate times.**
- 4. Avoid the seven major causes of communication failures.**
- 5. Choose the right communications media and use them properly.**
- 6. Use effective communications practices with internal customers.**



# Communication

is the Key to Effective Selling



*Most dictionaries define communication as the act of conveying information.*

We all know what the word “communication” means.

Or do we?

Most dictionaries define *communication* as the act of conveying information. That’s correct as far as a straight definition goes. But to be effective as an outside sales representative, you have to take it further.

## Follow the Five Key Steps in the Communication Process

To do the job right, an outside sales rep must practice five key steps:

1. **Obtain the right information**
2. **Convey the right information**
3. **Make sure the recipient receives the right information**
4. **Verify that the recipient understands the information**
5. **Follow up quickly with new communication when information changes.**

Communication breakdowns occur at every step of the way—and with disturbing regularity—in the business world. In this chapter, we’ll take a look at some principles of effective communication, the causes of breakdowns, and the techniques that can help you avoid them.

Of the five communication steps cited above, the first one is the most important.

*An outside salesperson must first obtain accurate information before it can be conveyed to anyone else.*

This means paying attention to detail. That, in turn, requires concentration.

### **Determine what can be skimmed and what needs to be read carefully**

An outside salesperson works with both electronic and printed documents. The work you do has to be coordinated with quotations, catalog pages, proposals, invoices, purchase orders, letters, memos, etc. You won’t have time to review every document closely. You’ll have to develop some speed-reading habits to process all of them.



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Many routine documents can be merely skimmed, but some need to be read more carefully. This is certainly true of technical information. If a customer needs something with a pressure rating of 1500 psi and you provide a 150 psi product in its place, it can lead to big trouble. It's easy to make mistakes such as that if you're in a hurry and just take a quick glance at the charts and tables from a specification sheet or catalog. If there are any technical terms, acronyms, or abbreviations you don't understand, find out their meaning before you attempt to pass along the information.

Also, be sure to read carefully any letters or memos pertaining to customer transactions. This is doubly important if the document is about a mistake or complaint. You don't want to compound a mistake with a further misunderstanding.



*It's easy to make mistakes if you're in a hurry and just take a quick glance at the charts and tables from a specification sheet or catalog.*

### Master the Principles of Effective Listening

With printed documents, you can take as much time as needed to read and re-read until you fully understand something. Verbal communication is a different matter. Frequently, you get only one chance to hear key information. This is why it's important for an outside sales representative to master the art of listening.

#### Listening is hard work

Listening is more than just keeping quiet. To listen actually requires training your brain to focus on the speaker instead of yourself or your surroundings.

This may sound easy, but listening is hard work. You may be working in an area bombarded with sounds from colleagues on the phone, radios, intercoms, warehouse noise, office equipment, and extraneous conversations. We've learned to tune out most of it as background noise. But our aural processing systems don't always work to perfection. Unfortunately, distractions sometimes cause us to tune out stuff that matters.

#### Faster hearing than speaking distorts messages

We also succumb to impatience. The average person speaks at about 135 to 175 words a minute, but a listener can process 400 to 500 words a minute. People have a tendency to fill the extra time daydreaming, anticipating what the speaker will say next or forming an answer.



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*Your motivation comes from wanting to be the best you can be at your job.*

Doing this often short-circuits the communication and distorts the message. We end up interpreting what we think the speaker will say.

## Listening requires motivation

Most people are born with the ability to hear, but hearing is not the same thing as listening. Hearing is to listening what holding a scalpel is to performing surgery.

*Hearing is a passive activity that comes naturally, while listening requires training and motivation.*

You really have to want to understand what the other person is saying.

## You can become a better listener

Your motivation comes from wanting to be the best you can be at your job as a sales representative. Once motivated, here are some tips to help you master the art of listening.

- **Ask questions**  
Asking questions forces you to concentrate on listening. Get in the habit of asking speakers to clarify or elaborate things you don't fully understand. This not only helps you to listen, it will also help you learn things. Later in this chapter, we'll examine the art of asking questions effectively.
- **Take notes**  
Even if you never refer to these notes, the act of writing things down on paper forces you to concentrate on what the other party is saying. It also helps lock the information in your mind. The notes don't have to be detailed. Just jot down key words, phrases, and numbers. People speak much faster than anyone can write. If you try to write down every word that's said, you will lose track of the conversation and miss some of the speaker's main points.
- **Get rid of distractions**  
Avoid the temptation to multi-task by checking email, scheduling other appointments, etc., while someone is talking to you. Don't try to answer an incoming call on a different line. This is disrespectful and annoying to the other party. Leave it to voice mail to take a callback message.



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- Briefly interject**  
During a long conversation, make brief comments such as, "I understand...I see what you're saying." This helps you to stay alert and shows the speaker that you are paying attention.
- Don't interject your own thoughts**  
Make sure the other party is done talking before you venture an opinion or explanation. Some people have trouble getting to the point. Give them time to tell you what they want to say, although it's okay to move the conversation along by asking questions.
- Don't rehearse a response**  
Listen to the full message. Respond only after the other person has finished talking. There may be some key information that the speaker does not reveal until near the end.
- Pause**  
After the other party finishes talking, pause for a few seconds before responding. The other person might be pausing, just catching a breath, or formulating other remarks. Pausing allows you a chance to soak up and retain what's been said, as well as to collect your thoughts.
- Sit at the end of your chair**  
Being too comfortable promotes daydreaming. When speaking on the phone, try to assume the same business-like posture you would if you were meeting the person face-to-face. This will help make you more attentive.
- Tune in to unspoken messages**  
Studies show that only 7% of communication is conveyed by spoken words. Facial expressions and body language account for 55%, with the remaining 38% coming through in one's tone of voice. Over the phone, you will not have access to the visual information, so it's crucial that you pay attention to the other party's tone of voice. It's not enough to listen only to what people say—it's important to notice how they say it. They may be trying to tell you something but don't know how, or they may be uncomfortable saying it. For example, they may not want to cause trouble by criticizing that person's performance. However, their tone of voice often reveals their true feelings.



*Listen to the full message. Respond only after the other person has finished talking.*



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## Learn by listening

It's been stated several times throughout this course that one of the most important duties of a sales rep is to learn as much as possible about a customer's business.

*You learn nothing by talking.  
You can learn everything by listening.*

In contrast to the stereotype of fast-talking sales reps, effective sales presentations generally find the sales rep talking only about 10% of the time, while listening the other 90%.

*"Tis better to be silent and thought a fool,  
than to speak and remove all doubt." – Abraham Lincoln*

## Ask the Right Questions at the Right Time

The distribution business involves a series of complex sales. As the name suggests, a "complex sale" involves more than trying to sell one customer one product one time. A typical complex sale involves a high-value purchase (often \$150,000 and higher) involving a buyer's committee consisting of anywhere from three to 12 people—or more. The sales cycle is usually long—from 12-36 months and involves multiple stakeholders and multiple decision-makers, often with different viewpoints, agendas, and radically different personalities.

The complex sale involves:



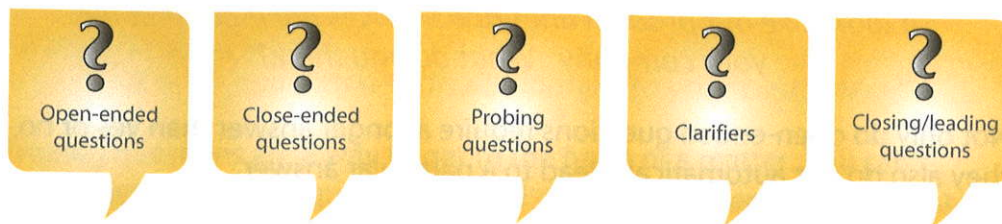
The complex sale leads to long-term relationships with repeat buying patterns. This requires understanding what constitutes value in the client's mind, and how your company can best fulfill those values.



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Good questioning skills are essential in dealing with the complex sale. For an outside sales rep, five types of questions are especially useful. They are:



The art of questioning includes knowing when and how to use each one.

## Open-ended questions lead to long responses

Open-ended questions cannot be answered with a simple yes or no, a number, or some other short response. Examples of open-ended questions are:

*"How does your company evaluate its suppliers?"*

*"What problems have you encountered with your production lines owing to product failures?"*

*"What do you feel your supplier(s) could do better?"*

The objective of an open-ended question is to get the other party speaking freely. The more customers talk, the more information you will learn about them and their businesses.

## Open-ended questions are ideal for qualifying sales prospects

Open-ended questions elicit the most information of any of the four types. A sale rep should use open-ended questions extensively when qualifying prospects. Many open-ended questions begin with the words: "What," "Why," or "How."

*"What are some of the things you look for in a supplier?"*

*"Why are those things important to you?"*

*"How do most suppliers fall short?"*

*"What alternative solutions have you considered?"*



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*"It looks as if our product lines and services are a good fit for your company. What do you think?"*

*"It looks like our product lines and services are a good fit for your company. What do you think?"*

Not only do open-ended questions require a longer answer than yes or no, they also do not automatically lead to a particular answer.



Close-ended questions

### **Closed-ended questions can be answered briefly**

Closed-ended questions are not intended to make the client talk more. They are intended to help you obtain specific information or confirm facts.

Closed-ended questions usually can be answered with a yes or no, or with a number or brief statement. For instance:

*"How often do you order that?" "About once a month."*

*"How much do you usually order at one time?"*

*"About 100 items."*

*"When was your last order?" "Yesterday."*

*"Would you be interested in purchasing this product in carton quantities and saving money?" "Yes."*



Probing questions

### **Probing questions are used to follow up**

Probing questions are a type of open-ended question. They are good to use when an open-ended response does not provide enough information that you need. Examples include:

*"Please tell me more about the vendor evaluation program you just mentioned."*

(This imperative sentence serves the same purpose as a question. A statement does not have to be followed by a question mark to qualify as a question.)

*"You say the failure of that product caused a number of problems. What kind of problems?"*





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*"What happened after that?"*

*"Tell me about the features of the high-efficiency equipment you currently install."*

*"How do you market this equipment to your customers?"*

Probing questions are a way to get to the heart of a matter. You can't really prepare probing questions ahead of time. They require you to listen carefully and think about what the client is saying.

### Clarifiers make sure of understanding

The clarifier may not be a question at all. It may simply be a statement to make sure you have properly understood the client. Sometimes it's a matter of paraphrasing something the other person said, such as:

*"Did I hear right that a production line shutdown costs you \$10,000?"*

*"You expect next day delivery?"*

*"As I understand it, you prefer to keep a large stock of these items on hand."*

### Leading questions help close sales

Recall that in the last chapter we discussed the "assumptive" technique of closing a sale. It involves asking a question that assumes the customer is ready to buy. Examples used were:

*"Do you want this order delivered, or will you pick it up?"*

*"Is UPS ground okay, or do you want it second-day air?"*

*"Which color would you like?"*

*"Is there anything else you need?"*

These also are examples of "leading" questions. They often are used to close a sale.

Leading questions often use phrases that nudge a customer toward the desired answers. These are phrases such as:



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*"Don't you...?" "Shouldn't you...?" "Won't you...?"*

*"Isn't that right?"*

*"So is it safe for me to assume that our pricing on this job was competitive?"*

*"Don't you...?" "Shouldn't you...?" "Won't you...?"*  
*"Isn't that right?"*

*"So is it safe for me to assume that our pricing on this job was competitive?"*

## Leading questions can backfire

Leading questions require a skillful touch. If the answer is too obvious, clients will see it as an insult to their intelligence.

For instance, some sales trainers recommend asking questions that "secure agreement," such as:

*"Is reliability important to you?"*

*"Do you want to save money?"*



*Asking the right question at the right time serves its purpose only if you listen carefully to the answers.*

Simple-minded questions like that are likely to backfire with sophisticated clients in a complex sales process. You're not trying to push them into buying something they don't need or want. Your goal is to understand their business and how your company's value proposition fits into it.

## Timing is everything

Each of these five types of questions must be used properly. To achieve success, a sales rep has to develop a sixth sense about when to ask each type of question.

- As noted, the open-ended question is the type used most frequently by salespeople, especially when prospecting and qualifying. It gives you the most information in the most unbiased way.
- The closed-ended question is useful for obtaining factual information such as time, quantity, and yes or no responses.
- Probing questions are a way to uncover layers of important information beyond the first open-ended answer.



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- Clarifiers are used to make certain you understand important points.
- Leading questions help nudge a prospect toward buying from you.

### Listen and learn

Asking the right question at the right time serves its purpose only if you listen carefully to the answers.

Inexperienced salespeople sometimes start thinking about the next question before the speaker finishes answering the previous one. Or they get too anxious and start trying to sell additional products before the client is fully convinced of placing the original order.

*You learn nothing by talking.  
You can learn everything by listening.*

### Communication breakdowns have many causes

Mastering the art of listening and questioning will help ensure that you obtain the right information. That's just the first of the five steps we identified at the beginning of this chapter. The rest have to do with conveying accurate information to recipients, and making sure they receive that information accurately.

You do not have total control over these steps. Nothing you do can guarantee with absolute certainty that the people you deal with will be careful listeners or attentive to detail.

## Eliminate the Seven Common Causes of Communication Failure

You can increase the odds in favor of effective communication by removing obstacles that might prevent the other party from receiving your information accurately.

Probably 90% of all business errors can be traced to some kind of communication breakdown. Some of the most common mistakes occur when customers order products they don't normally use or when customers say something such as, "I want the widget I usually order," or even when they say, "I'll take the box quantity" without knowing the box quantity.



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*It's beyond anyone's  
job description  
to know everything.  
Yet anyone can say,  
"I don't know, but I'll do  
my best to find out or  
transfer you to someone  
who can help."*

Failures to communicate happen in many ways. Let's examine some of these.

## **Breakdown #1: Evading responsibility**

*"It's not my department."*

*"That's not my job."*

*"It's not my responsibility."*

How many times have you heard those lines when you've called a business to resolve a problem? Think of how annoyed it made you.

You probably came away with an impression of the company as an inept bureaucracy where the right hand doesn't know what the left one is doing.

That's exactly how clients will perceive you and your company if you keep "passing the buck" in response to inquiries.

It's beyond anyone's job description to know everything. Yet anyone can say, "I don't know, but I'll do my best to find out or transfer you to someone who can help."

If finding an answer might take some time, ask for the caller's number, do your research, and call back as soon as possible with the requested information.

As a sales rep, you will be on the front lines of customer contact. You will not have all the answers they seek, but you always should be willing to help customers find the correct information or direct them to someone who can.

## **Breakdown #2: "I assumed"**

*A new employee at a large company doing sensitive military work walked up to a paper shredder and stood before it with a puzzled look. A senior secretary noticed the confusion and offered, "Need some help?"*

*"Yes," said the novice. "How does this thing work?"*

*"It's simple," said the office veteran, who took the thick report from the new employee's hand and fed it into the shredder.*

*The document came out the other end in thousands of little pieces. "See how it works?" the experienced person said.*



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*"I see," replied the newcomer.*

*"But I wanted to make some copies."*

This tale shows how assumptions can lead to serious mistakes and trouble. The secretary assumed that because the newcomer was standing in front of the shredder, the purpose was to shred the document in hand.

Think of how lost you felt the first day on a new job. You had to be taught simple things like how to use the office copier or phone system. People spoke with jargon and acronyms that you didn't understand. Maybe you even had to ask the location of the restroom.

Later, all these things became second nature to you. You also came to learn hundreds of details about the business and industry that are likely imbedded in the brains of your fellow employees and industry colleagues. It became natural to assume that everyone you speak with knows them.

Be on guard against this.

*Avoid insider jargon and acronyms unless you're absolutely sure the other party knows them as well as you.*

*Listen for clues that the person you're speaking with may not fully understand.*

Don't assume the people you speak with will ask for clarification of things they don't understand. It's human nature to pretend to understand out of fear of being thought of as less knowledgeable. Some clues that may give you an indication the other party doesn't fully understand are a confused tone of voice or saying things that don't make sense.

### **Breakdown #3: "I think so"**

*"I think the order was shipped."*

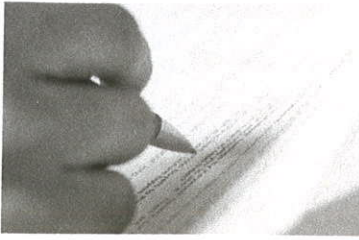
*"I'm pretty sure we back ordered that product."*

Which is it? Do you think you know or do you know? Are you pretty sure, or are you certain? Customers have a right to be angry if you tell them you think you have something in stock, but then it's not there after they make a trip to pick it up.



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*Important information needs to be put it in writing. Nobody likes paperwork, but there's a reason for it.*

What's behind this communication breakdown is nothing more complicated than laziness. Someone won't make an effort to take whatever steps are necessary to verify something.

Take a cue from commercial aviation and the space program. Despite the vast experience of pilots and astronauts, before every flight they read a lengthy checklist aloud of things to do before taking off. They may have repeated the sequence thousands of times, but the stakes are too high to take a chance on missing something.

Leave nothing to chance. If there's the slightest possibility something may have been overlooked, check, and double-check.

#### **Breakdown #4: If it's not in writing, it's not real**

When you tell somebody something over and over, it seems reasonable to assume—oops, there's that dangerous word again—that everyone gets it.

Not necessarily. Spoken information tends to go in one ear and out the other. People have selective memories that lead them to hear what they want to hear. Plus, they are bombarded with so much information on a daily basis that they're apt to forget much of it.

Important information needs to be put in writing. Most people don't like paperwork, but there is a reason to write things down.

Even that isn't enough. Once written, the documentation has to be accessible. Keep your files in order. Post important messages to a bulletin board or circulate them via email to all colleagues who need to know the information.

#### **Breakdown #5: Lack of follow through**

Job quotes, back orders, and materials requisitions sometimes get side-tracked for months because nobody thinks to follow up on them. It's just assumed—uh oh—that purchasing agents, estimators, vendors, receiving personnel, and everyone else in the system will do their jobs right.

Clients don't react well to excuses. It may not be your fault that an order fell through the cracks or that someone delivered the wrong products, but you'll be held responsible anyway.

Get into the habit of following up on important orders and paperwork. Call the client to make sure they received that rush order in time.



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## Breakdown #6: Imprecision

*A distributor called a vendor to order two truckloads of pipe. Business suddenly took a downturn, and just before delivery the distributor called to tell the vendor, "Cut the order in half."*

*Sure enough, when the two trucks arrived, each piece of pipe was cut in half!*

The English language is filled with ambiguities, i.e., words, phrases, or expressions that can mean more than one thing. "Cut the order in half" could be taken two ways. This distributor needed to be more precise in telling the vendor to cut his order to one truckload.

Vagueness leads to many communication failures. Imagine making an appointment to meet someone "after dinner." How useful would that be without telling the person at what time you finish eating dinner?

Imprecise communication not only leads to mistakes, it also wastes time. Instead of communicating something once, it causes both the sender and recipient of the message to go back and forth trying to clarify what's going on.

Even worse, some people don't bother to clarify. They'll simply act upon what they think the request is about. That's how two truckloads of pipe got cut in half.

## Breakdown #7: Ignoring context

*Just short of touching down at an airport, the pilot determined that the runway was too short for a landing approach. So he decided to circle around and try it again.*

*"Takeoff power!" he yelled to his co-pilot.*

*The pilot, of course, wanted extra power to lift back up to circle around. But the co-pilot interpreted the command as take OFF power. In response, he turned off the engines. The plane crashed.*

This fatal mistake stemmed from failure to understand the context of a situation. The difference between "takeoff" and "take OFF" might involve a subtle voice inflection. Nonetheless, the co-pilot should have known from the context of the situation that shutting power off was not the right thing to do. The pilot, too, must share the blame. He should have been more precise in saying, "Full engine power."



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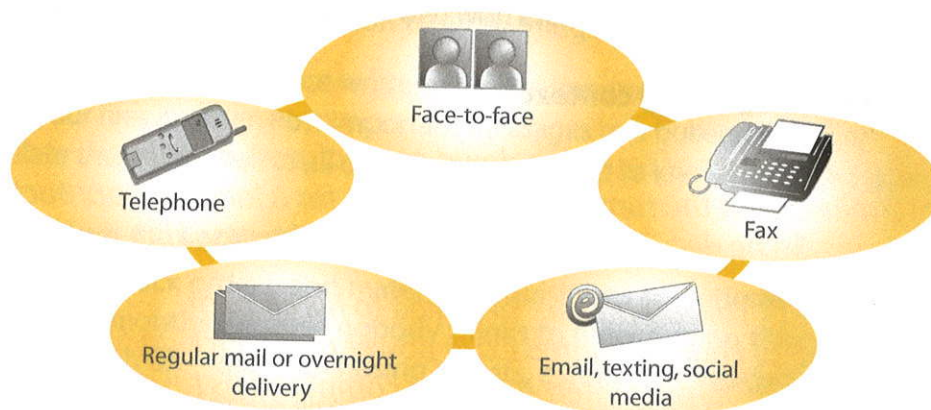
Do you notice when a customer places an order that's uncommonly large or small? Or when a customer who usually orders unit number 12345 suddenly orders 12346?

A sharp salesperson will notice when certain things just don't "feel" right. For example:

- A customer orders an unusual product.
- Many customers place orders that are vague, i.e., "Send me the faucet I usually buy." Insist upon clarification from the customer.
- Some customers may order by "box quantity," but not know the exact quantity in each box they are requesting. Clarify the quantity with the customer.

## Choose the Right Communications Media and Use it Properly

In most distribution companies, there are five ways an outside sales rep has to communicate information:



### Telephone is a common form of outside sales rep communication

The telephone is a common and important communications instrument used by most sales personnel for prospecting. There are times, however, when it's appropriate to use one of the other media—sometimes in combination with the telephone. For instance, you may sell a large order in person, but find it prudent to confirm the information via email or letter.



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Each medium has its advantages and disadvantages. Let's examine some of them.

### **Face-to-face communication builds trust**

As an outside sales rep, you meet with customers or vendors face-to-face, an option that may not be available to your internal customers—the colleagues with whom you work. Face-to-face engagement creates a personal connection and builds trust between a company and its customer. A warm handshake, engaging conversation, and getting to know customers and prospects on an individual level can play an important role in forming stronger, more meaningful, and profitable business relationships.

Face-to-face selling allows you to explain and demonstrate complex products. It is more convenient for the customer and easier to access other people who might need to be involved in the decision-making process.

Also, remember something noted earlier in this chapter. Facial expressions and body language convey about 55% of meaning. If you want to emphasize something or make sure it's understood, communicate in person.

### **Faxes are still used extensively in distribution**

Most distribution businesses are not using fax communications as much as they did in previous decades. To a large degree, the fax has been replaced by email or by your company's Website.

Faxes have many drawbacks compared with email and other forms of communication. Users have to contend with transmission failures, paper jams, low toner, blurred type, misrouted documents, etc.

Nonetheless, many companies still use faxes to send proposals, bid submittals, purchase orders, quotations, and myriad other business documents. Some of your customers may prefer to communicate by fax rather than telephone or email. If that's what customers want, follow their wishes—they're the bosses.

Some people prefer faxes because of security concerns with email communications. Or, it may be just because old habits are hard to break.



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*For very important documents, make it a point to follow up with a phone call confirming that the other party received everything clearly.*

## Make the best use of faxes

Most distributors continue to communicate via fax to some degree. Here are some tips to ensure the best possible fax communications.

- **Always verify that a transmission goes through**  
Most fax machines have a feature to verify whether a transmission has been successful. Often it may print out a confirmation sheet advising "OK" for a successful transmission or "NG" (no good) if it didn't go through. The latter means you need to re-transmit the document or send it by other means. Whenever you send a fax, check later to make sure it went through. It's a good idea to keep the successful transmission sheets on file as proof that the message was sent. For very important documents, make it a point to follow up with a phone call confirming that the other party received everything clearly.
- **Whenever possible, send original documents rather than photocopies**  
If this isn't possible, at least make sure copies are crisp and legible. Some documents get copied so much they are barely readable when transmitted via fax. Blurry type can spell big trouble.
- **Try to avoid sending lengthy documents via fax**  
The more pages sent, the greater the chances that some will get lost, crumpled, misdirected, or turn out illegible on the other end. If time is not critical, it's better to send lengthy documents via regular mail. Overnight delivery by FedEx, UPS or another carrier is an option if time is short, though that is more expensive.

## Email and other virtual communication

The popularity of communicating virtually—whether through email, instant messaging, LinkedIn, Twitter, or other social media channels—has had a significant impact on the speed at which information can be obtained. Distributors find more and more communications coming their way via email. Email is a quick, efficient, inexpensive, thorough, and convenient way to communicate with people outside or inside your office. It can be accessed 24/7, and provides a ready-made record of the message that can be saved electronically or printed out. What's not to like about email?



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### **Beware of email drawbacks**

Well, there are indeed drawbacks. For one thing, not all customers are tuned into email communication. Some businesses still don't use it much and you need to abide by customer preferences. Email offers the promise of speedy communication, but that doesn't do any good with people who don't check their email frequently.

Another shortcoming is that many companies have systems to filter out spam messages. These filters often are tied to the number of recipients. They detect and will block any message sent to many people. This undermines one of the biggest potential advantages of email to a distributor—the ability to send quick and inexpensive mass mailings.

### **Email is not a good way to convey emotions**

Perhaps the biggest drawback to email is its potential for misinterpretation.

Because it's so quick, email lends itself to spontaneous, careless writing. Most people do several drafts when composing a letter, but are apt to write emails off the tops of their heads.

Avoid firing off angry emails. Take some time to cool off and think in a levelheaded way about the problem before responding. Criticism is better conveyed in person or over the phone.

Email lacks clues such as facial expression and tone of voice that help recipients decipher meaning. Sarcasm and humor are easily misunderstood.

*Never forget that email messages provide a permanent record of what is said, and that they are easily shared with anyone anywhere in the world.*

This can be a convenience, but it also opens the door wide to possible regret. Never say anything in an email that you wouldn't want revealed to the entire world, because that potential exists.

### **Old-fashioned mail sometimes is the best way to communicate**

For certain types of communication, old-fashioned mail delivery is sufficient—even preferable. Promotional literature and company news are usually best handled this way to ensure the widest distribution and receipt of the information.

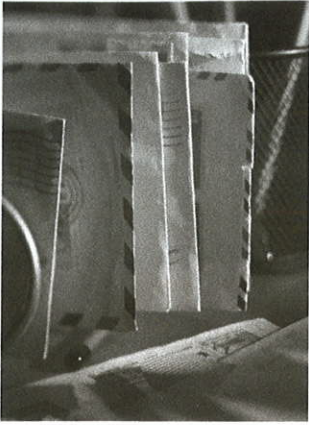


*Email is a quick, efficient, inexpensive, thorough and convenient way to communicate with people outside or inside your office.*



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*For certain types of communication, old-fashioned mail delivery is sufficient—even preferable.*

So-called “snail mail” also is a good way to send thank-you notes to customers and other people when appropriate. When timing is critical and expense is not a major consideration, overnight delivery services serve their purpose.

## Use Effective Communications Practices with Internal Customers

Distributors have both external and internal “customers.”

*You sell to external customers, but you rely on various internal customers to do their jobs right so you can be successful selling.*

And they rely on you to perform well so they can do their jobs effectively.

Communicating accurately with internal customers is just as important as your external communications. If you don’t provide accurate information to the warehouse, the order will not be pulled or shipped correctly. If you don’t provide accurate information to accounts receivable, billing will be wrong. If you don’t adjust inventory, future purchasing will be off.

Mistakes result in unhappy customers who are less likely to buy from you.

### **Haste makes waste**

You may call customer orders in and refer to a product by name and number. You might also call for additions or adjustments, and you might verify and quote the selling price. With all that information, there is ample opportunity to transmit or receive misinformation.

This is particularly true when reciting product descriptions and part numbers. Code numbers that run a dozen digits or more may identify some products, and there may be dozens of products attached to an order.

### **Everyone is busy and in a hurry**

That’s why it’s important to concentrate on speaking clearly. Check and double-check code numbers. Ask the recipient of the information to read back what he or she took down.



## Communication

is the Key to Effective Selling

Confirming an order with an email or instant message to ensure that you're clear in your request or response may prevent problems from happening.

*Check and double-check code numbers. Ask the recipient of the information to read back what he or she took down.*

### Take a cue from the military

Military communications often involve matters of life and death. It's easy to confuse certain sounds, which is why the military has established word counter-parts for each letter of the alphabet, i.e., Alpha (A), Beta (B), Charlie (C), etc.

As an outside sales rep, you should recite alphabet letters as part of product codes and descriptions. It's a good idea to get in the habit of using military-like word counterparts when reciting these over the phone. For instance:

*"I need to know how many items we have in stock of product number FTS1234. That's Foxtrot, Tango, Sam, one, two, three, four."*

### Mistakes waste time

Doing all of this takes a little longer, but nothing slows you down more than correcting mistakes. It pays to take time to speak slowly and enunciate clearly when reciting order information, and to ask the recipient to repeat the information back to you.

More than anything else, effective communication is driven by a powerful desire to get everything right. The enemy of effective communication is complacency. The highly professional outside sales rep maintains a sense of urgency and passion for accuracy in ensuring the customer gets the right product in the right place at the right time. At the same time, an outside sales rep's communication skills help foster a spirit of cooperation with internal and external customers alike. Those skills go a long way toward labeling your company as the supplier of choice.

In the next chapter, we'll examine one of the most potentially lucrative duties of a sales rep—that of handling problem customers. Good problem-solving skills are critical. Salespeople who recognize a difficult situation and can offer reasonable solutions are a valuable asset to their companies.



## Quiz

## Communication is the Key to Effective Selling

1. **Of the five key steps in the communication process, which is the MOST important step?**
  - A. Conveying the right information
  - B. Obtaining the right information
  - C. Verifying the recipient receives the right information
  - D. Making sure the recipient understands the information
  
2. **When handling a complex sale, a sales rep who asks the customer the right questions at the right time is especially skillful at**
  - A. obtaining the correct answers to questions.
  - B. telling customers what they want to hear.
  - C. finding out what the customer values.
  - D. learning how to talk to multiple decision makers.
  
3. **For most people, listening is hard work because**
  - A. you have to train your brain to focus on a speaker.
  - B. people prefer speaking to listening.
  - C. speakers talk faster than a listener can process the words.
  - D. listening is a passive activity that comes naturally.
  
4. **Which of the following is a good listening practice to help you become a better listener?**
  - A. Preparing questions while the speaker is talking
  - B. Taking notes as another person is speaking
  - C. Periodically interjecting your own thoughts
  - D. Speaking from a prepared script
  
5. **Which of the following statements about listening is FALSE?**
  - A. We can speak faster than we can listen.
  - B. Hearing comes naturally.
  - C. Effective sales reps talk only 10% of the time.
  - D. Spoken words comprise less than 10% of communication.



## Quiz

Communication is the Key to Effective Selling

6. A salesperson typically might ask an open-ended question in order to
- A. get a brief answer.
  - B. clarify a statement.
  - C. qualify a prospect.
  - D. close a sale.
7. Which of the following question types is BEST to obtain brief, specific answers?
- A. Closed-ended
  - B. Qualifier
  - C. Open-ended
  - D. Probe
8. Communication is affected when an outside sales rep uses vague language because inexact words
- A. eliminate the need for further clarification.
  - B. remove communication obstacles.
  - C. waste time and lead to mistakes.
  - D. result in a lack of follow through.
9. Which of the following is the MOST commonly used communications tool for salespeople?
- A. Email
  - B. Fax
  - C. Telephone
  - D. Letters
10. Which of the following is likely to lead to a communication breakdown?
- A. Too many telephone calls
  - B. Written instructions
  - C. Taking notes
  - D. Assuming information



## Quiz

### Communication is the Key to Effective Selling

**11. All of the following tips about effective use of faxes are true EXCEPT**

- A. Always verify the transmission went through
- B. Only fax photocopies to protect original documents
- C. Avoid sending lengthy faxes
- D. Cooperate with others when sharing a fax machine

**12. Which of the following statements about communications media is TRUE?**

- A. Overnight delivery is the quickest way to communicate.
- B. Customers prefer email to face-to-face sales meetings.
- C. Face-to-face meetings are the best way for an outside sales rep to reach customers.
- D. Faxes are no longer used extensively in the distribution business.

*(Answers below)*

*Answers: 1-B; 2-C; 3-A; 4-B; 5-A; 6-C; 7-A; 8-C; 9-C; 10-D; 11-B; 12-C*





## CHAPTER 9

# How to Handle Problem Customers

*Dealing with irate customers is the real test of a salesperson's professionalism.*

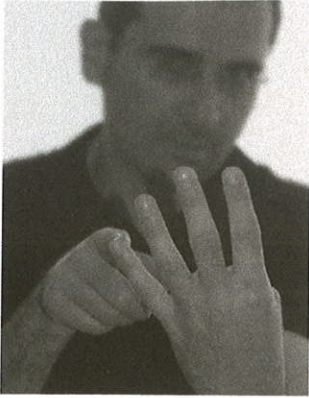
**After reading and studying the material in this chapter, you will be able to:**

- 1. State the four critical principles for treating customers with care and respect.**
- 2. Avoid the six phrases most likely to upset customers.**
- 3. Demonstrate knowledge of the eight steps for handling upset customers.**
- 4. Explain how avoiding mistakes improves customer service.**
- 5. List 11 ways to become a customer service superstar.**



# How to Handle

## Problem Customers



*Always give the customer the benefit of the doubt; when a customer complains about something, assume the complaint is valid.*

## Follow Four Principles to Treat Customers with Care and Respect

"The customer is always right." This is one of the most famous slogans in the business world. It is not literally true. Sometimes customers are wrong. Sometimes a problem arises because of a customer's mistake, but the customer will blame others.

Nonetheless, to become a top-flight salesperson, it is necessary to follow four critical principles in working out problems with customers:

1. Always give the customer the benefit of the doubt
2. Keep a level head to stay focused on the problem
3. Don't take it personally
4. Don't argue

### 1. Always give the customer the benefit of the doubt

Even when evidence conclusively shows customers to be wrong, treat customers with the same respect and courtesy as if they were right. Keep the following rule in mind: Customers may not always be right, but it's always good to conduct your business as if they were. Adopt "the customer is always right" as a bedrock business principle. It sets the stage for turning unpleasant encounters into selling opportunities.

### 2. Keep a level head to stay focused on the problem

Whether or not a customer's complaint is valid, it is crucial for the salesperson to keep a level head at all times. You can never win an argument with a customer. That's because even if you "win" by proving you are right, the customer will lose face and likely react by taking the business elsewhere. So you and your company lose in the end.

The objective is not to prove who made the mistake, but to solve the problem. It's important to stay focused on this goal, even if the customer is heaping abuse on you.



# How to Handle

## Problem Customers

Losing your temper is not permitted under any circumstances, even if the customer is out of control. If there is verbal abuse, try to ignore it. Pretend you didn't hear it or that it is directed at someone else. Concentrate on solving the problem at hand.

It's not easy to be even-tempered with an unreasonable customer. You have human emotions like everyone else. You may be having a bad day at work or be troubled by personal issues. Then a customer takes something out on you that you had nothing to do with. Normal human behavior is to react indignantly and defend yourself—or even to lash back.

In these situations, a pride in professionalism must take over. The professional outside salesperson cultivates the people skills needed to handle customers who are upset.

### 3. Don't take it personally

Realize that when customers are upset, it's most likely not with you. They are upset by the situation. So don't take it personally.

The customer may address the problem personally, saying something such as, "You screwed up my order" or "You gave me the wrong information." The "you" may pertain to anyone in the company, however. It's just that in the customer's mind, you represent the company at that moment.

When this occurs, the first words out of your mouth are critically important. They may determine whether you are able to defuse the situation, or make it worse.

### 4. Don't argue

Sometimes when customers call, they are itching for a fight. A mistake may have cost them time and money, and they want to take revenge on the company they perceive as being the cause. Arguing or making excuses plays right into their hands. Before we examine the correct way to handle such a call, let's first review some responses that should be avoided because they are likely to make the customer even more upset.

*When you hear "You screwed up my order" or "You gave me the wrong information," the "you" may pertain to anyone in the company.*



# How to Handle

## Problem Customers

### Avoid the Six Phrases Most Likely to Upset Customers

- 1. "It's not my fault"**

Maybe you had nothing to do with creating a particular problem. It doesn't matter. Remember, it's the company that the customer is angry with, and you represent the company. Someone in the company made the customer angry, and you are the only spokesperson available for now.
- 2. "That's not my department"**

It's the same as saying, "It's not my fault." From the customer's perspective, one department is the same as another. It's up to you to set the wheels in motion to find a solution to the customer's problem, and this may include getting other departments involved. That's something for you to pursue after the call ends. However, when the customer is on the line with you, you need to take charge of the situation.
- 3. "That's against company policy"**

This may, in fact, be the case, but the customer doesn't want to hear it. If a customer requests something that conflicts with company policy, say you'll have to check with someone higher up in management to gain approval. Then do so and call the customer back with an answer as soon as possible.
- 4. "You'll have to...(call back later, talk to someone else, etc.)"**

Customers don't **HAVE** to do anything. Avoid sounding as if you are giving orders. Upon hearing this, customers are likely to exercise their freedom to do business with someone else.
- 5. "Hang on for a moment"**

Never abruptly put someone on hold. Say, "May I put you on hold for a short time?" If you think it will take more than a few seconds to return, offer to take a number and call back.
- 6. "This is the first time anyone's ever complained about that"**

This is a not-so-subtle way of putting the blame on the customer. You're saying the company is perfect and the problem doesn't exist. A customer with a problem doesn't want to hear that. Think of how well that will go over with someone who is having a problem.



## How to Handle

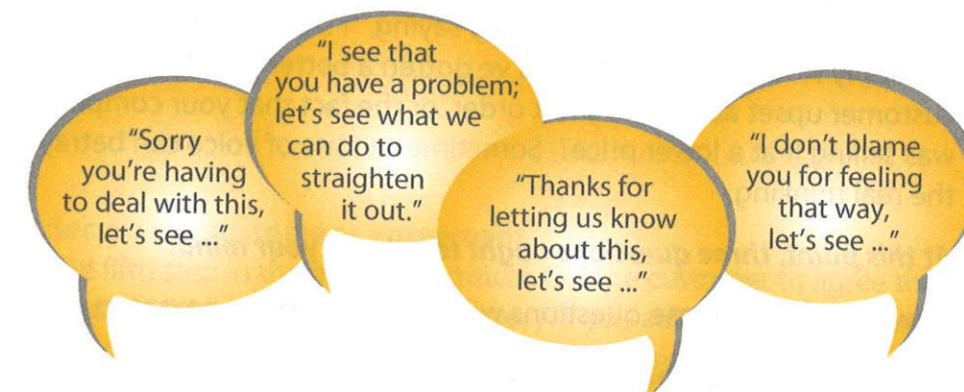
## Problem Customers

## Practice the Eight Steps for Handling Upset Customers

When you field a call from an irate customer, you know that a problem exists. The problem may or may not have been caused by your company, but as long as the customer is unhappy, that's a problem for your company—and for you. Here are eight steps that will help you diffuse—and solve—the situation.

## 1. Agree that a problem exists

After customers express their frustration, you should acknowledge the situation and agree that a problem exists.

**Use expressions such as:**

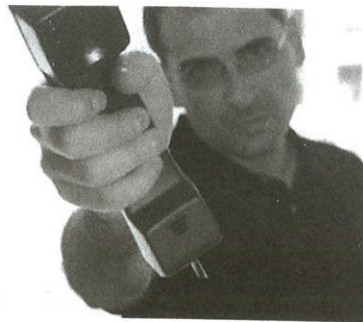
That's step one for handling an upset customer—agree that there is a problem.

## 2. Let them vent

Agreeing that a problem exists usually helps calm an irate customer—but not always. Sometimes it is necessary to let the customer vent while you proceed to the next step.

Listen without comment as the angry customer describes the nature of the problem. Take detailed notes. However, if the customer continues to complain, aggravation builds. When you think you've heard enough, restate the complaint in your own words and ask the customer to confirm that your understanding is correct. It is a good way to break in if the customer gets repetitive.

*Check for understanding by restating the customer complaint in your own words.*



*When you field a call from an irate customer, you know that a problem exists.*



# How to Handle

## Problem Customers



*Continue to take detailed notes and be sure to gather all the facts before rendering any judgments or excuses.*

### 3. Gather the facts

Then it's time to go to the third step for handling upset customers—fact gathering.

It's very important to listen carefully to the customer's complaint. Ask questions to gather needed information and clarify anything you don't understand. Continue to take detailed notes. Stay calm and friendly. Your tone should be matter-of-fact, though sympathetic. Don't ignore the complaint—that will just make the customer angrier—but be sure to gather all the facts before rendering any judgments or excuses.

A customer may complain about one thing while really being angry about something else. Careful listening can uncover these hidden agendas. For instance, a customer may be railing about the fact that an order was shipped incomplete by saying, "I should've bought it at Supply House X, where I could've gotten a better price!" Is this customer upset about the short order, or the fact that your competitor was selling it at a lower price? Sometimes a tone of voice can betray the real thinking.

#### ***At this point, three questions ought to arise in your mind:***

How you answer these questions will guide you to the next step.

1. What are we the most concerned about?
2. What's the best outcome we can expect from the situation?
3. What are we really expected to do?

### 4. Suggest the next action

When you are confident you fully understand the customer's complaint and have answered the three questions just posed, it's time to go to step four—suggesting the next action to take. Notice, we do not say suggest a solution. In most cases, a solution is not immediately apparent. You have heard the customer's point of view, but the original complaint may be that a delivery never arrived; yet further investigation might reveal that a supervisor signed for the delivery and the goods are sitting on the customer's jobsite somewhere.

*Several actions might be required before suggesting a solution.*



## How to Handle

### Problem Customers

In the previous example, tracking down a missing delivery might entail first calling the manufacturer to make sure goods were shipped from the factory, then checking with your warehouse, then with the delivery truck driver and, finally, talking to the customer's supervisor.

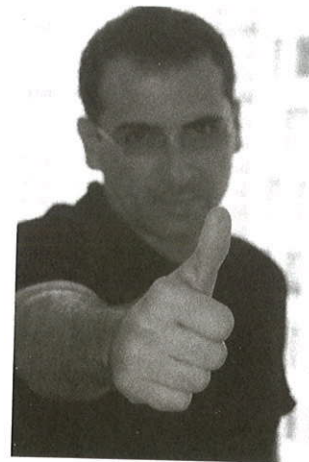
Whatever the case, you want to inform the disgruntled customer what it is you intend to do. "I'm going to do whatever it takes to track down this delivery, starting with the factory. Don't worry, Mr. Customer I'll find out what happened to the missing materials and get back to you today."

Apologies can sometimes be effective here. Express sympathy for the situation. But do not admit wrongdoing, especially if you're uncertain your company did anything wrong. Instead, say something such as:

*"I'm sorry you're having this problem."*

*"I'm sorry it came to this."*

*"Someone certainly owes you an apology."*



#### 5. Secure the customer's agreement

The fifth step in the process is critical: Get the customer to agree that the next action you propose is satisfactory. If you adhere to the four previous steps for handling upset customers, the customer will usually agree.

But not always. The customer might say something such as, "I don't have time for that. I need those items right away."

One technique that's often effective in dealing with these situations is asking the customer how they would like you to resolve the problem. You can simply say, "What would you like us to do to help you?"

Many people in business are afraid to pose this question for fear the customer will ask for something unreasonable, such as a full refund or credit for the items ordered. That risk does exist, but asking the question does not commit you to providing everything the customer might want. Frequently, it disarms the complainer when you solicit advice on resolving the problem. Customers often ask for something very simple, such as an apology or confirmation that someone is working on the problem.



# How to Handle

## Problem Customers

With the example mentioned above, the customer might suggest an immediate re-delivery from warehouse stock, or having the order ready for pickup at your company's counter. The original order would be returned to your warehouse if and when located. If your company has the goods in stock and you have the authority to approve such a request, this might be a good solution. If you need to check with superiors first, suggest that as the next step and secure the customer's agreement to let you do so.

### 6. Thank the customer

The next step in the process is the simplest one of all. It is to thank the customer for bringing the problem to your attention.

Studies have shown that only 4% of disgruntled customers bother to complain to the offending business when something goes wrong. The rest might suffer in silence or, even worse, they tell their friends that your company is inferior. Of those who do not complain, almost two-thirds will switch suppliers without telling the original firm why.

For that reason, complainers can be a distributor's best friend. They alert you to the fact that a mistake was made and a customer is unhappy. Once alerted, you have a chance to correct the mistake and keep the customer.

*If the customer simply leaves and never tells you why, odds are good that the same mistake will be made over and over.*

Plus, you have no chance to salvage the customer's business.

*"I'm sorry you had to go through this, Mr. Customer. Thank you for bringing it to our attention. I'll get back to you within an hour and see if we can fix this problem to your satisfaction."*

### 7. Follow through and follow up

This is probably the most important step. Do what you said you would do quickly and effectively. Solving customer complaints should be at the top of your priority list. Next is calling them back with promised information within the period you indicated.





# How to Handle

## Problem Customers

*A good maxim to live by is  
"under-promise and over-deliver."*

If you tell someone a delivery will arrive within a week and it takes 10 days, your word is no good to that customer. If you tell that same customer something will arrive within two weeks and it gets there in 10 days, the customer is likely to think you went an extra mile to expedite the order. Same results, but in one case you're a villain; in the other, you're a hero.

Avoid telling people what they want to hear just to make them feel good when you know it might be beyond your capabilities to deliver. This is one of the most common causes of customer complaints in the business world.

*Broken promises always come back to haunt you.*

Because of circumstances beyond your control, you sometimes fail to keep a promise. In these situations, it's important to notify the customer as soon as possible. Even better, come up with an alternative to satisfy the customer's needs:

*"I know I promised delivery within a week, Mr. Customer,  
but an unforeseen situation arose and it will be delayed.  
However, I have similar materials  
available that I could get to you by that date."*

Follow up also means contacting customers after the problem appears to be resolved to ensure satisfaction and clear up any lingering complaints. Say things such as, "I'm going to make sure this never happens again." These "courtesy" calls go a long way toward building lasting relationships.

### 8. Update and educate

Most people with customer service duties find dealing with disgruntled customers their least favorite part of the job. Yet there's another way to look at it.

Dissatisfied customers offer some of the best opportunities to build lasting business relationships. One study of customer loyalty found that among customers who complain and receive a satisfactory response, 70% go on to become a company's most loyal customers.



# How to Handle

## Problem Customers

A problem represents an opportunity to establish long-term bonds. It enables you to talk at length to the person with the complaint, and to learn more about his or her business and personality. If you prove you can solve problems to their satisfaction, you can boost your esteem in customers' eyes much higher than if you merely sell things to them.

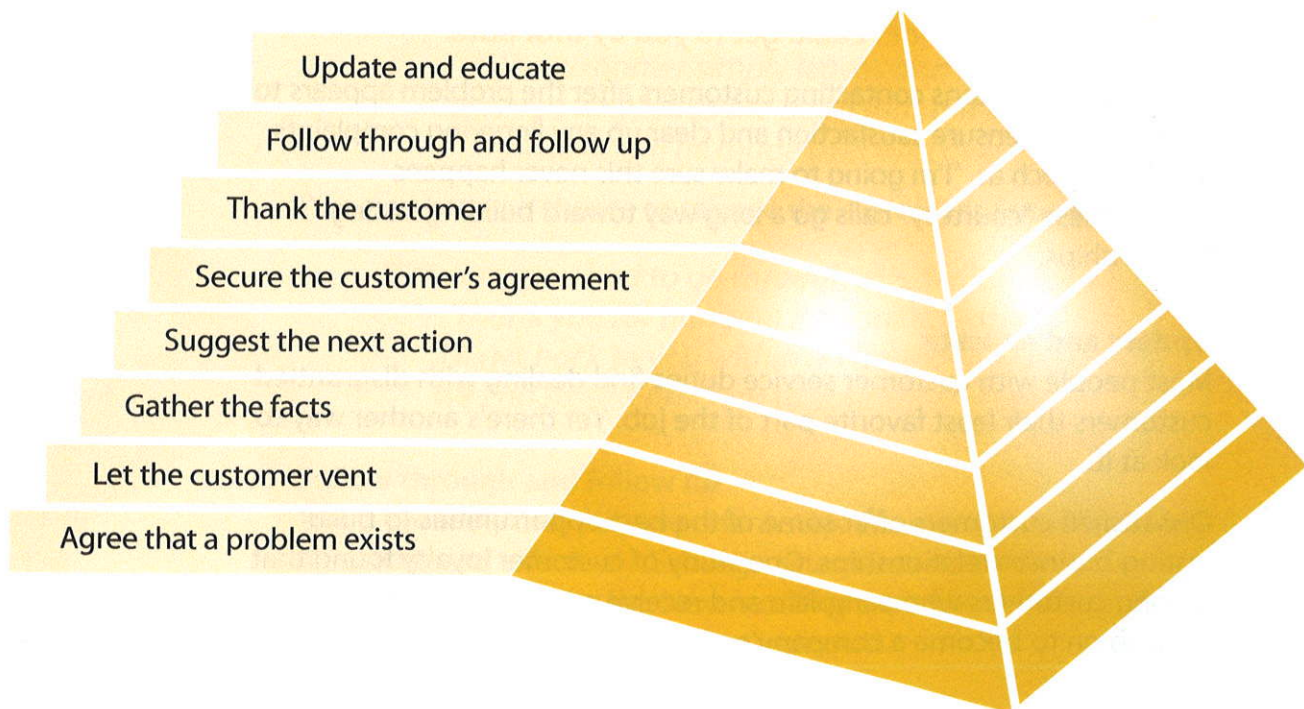
Complaints also provide an excellent opportunity for us to update and improve our customer service system, as well as enhance our training activities.

*Complaints help us investigate and identify those procedures that need to be changed.*

They help us find products or identify features that we think are important, but which no longer meets the customer's needs. Finally, complaints provide us with important information on how to better align our training with customers' needs.

### Problem-Solving Pyramid

*Let's review the eight steps for handling upset customers:*



## How to Handle

### Problem Customers

## Prevent Mistakes to Reduce Complaints

You've probably heard the expression, "An ounce of prevention is worth a pound of cure." Applied to your job as a salesperson, it means that:

*The best way to handle customer complaints is to prevent them from happening in the first place.*

Construction workers also have an expression worth keeping in mind: "Measure twice, cut once."

The biggest waste of time in most businesses is rework and troubleshooting due to mistakes. It takes very little extra time to measure twice. However, it's very costly in material and labor to cut something to the wrong length and have to do it all over again.

### **Make "measure twice" a part of your routine**

The "measure twice" mentality can be applied to sales activities, especially to your paperwork. Inaccurate order processing and paperwork is a leading cause of mistakes. Accuracy can be obtained by double-checking, i.e. measuring twice, before submitting an order or providing a quote. If you are working for a typical distributor in many industries, your net profit is about 2%. That means an incorrect item that was sent out to a customer and comes back damaged will require 50 times the cost of that item in new sales to replace the cost of that damaged item. More importantly, a poorly processed order that results in a customer's trade worker being idle can cost your customer \$75 an hour—or more—in wasted labor expense! That kind of mistake will make anyone angry.

When discussing an order or quote with customers, get in the habit of repeating all of the product descriptions, quantities, and prices. Make sure the customer verifies all the information. Ask the customer to confirm the color and other variables that, in your experience, might have caused trouble in the past. Then double-check all the information you have entered in your computer or on your paperwork before submitting it to your company. If you are hand writing an order, make sure your writing is legible. Finally, make sure the order is routed to the correct person.



*Measure twice! Cut once!*



# How to Handle

## Problem Customers



*If you are hand writing an order, make sure your writing is legible. Finally, make sure it is routed correctly.*

All of these steps become routine in time, yet that's precisely the reason mistakes often are made. People perform certain procedures so often that it's easy to become careless. As workloads increase, you go faster and faster. You try to multi-task and perform too many functions at once—such as processing the details of an order from one customer while speaking to another on the phone. The busier you get, the more tempting it is to take such shortcuts.

And the more shortcuts you take, the more mistakes you are likely to make. Concentrate on the task at hand. With experience, you will become more productive by doing things faster, but it's never a good tradeoff to sacrifice accuracy for speed.

### **“Measure twice” also applies to the work of others**

You have control over your own activities. Unfortunately, the mistakes that bite you often are caused by other participants in the supply chain, both inside and outside your company.

This is why it's important to apply the “measure twice” mentality to the work of others as well. Never assume that documents originated or approved by others are accurate. Double-check to make sure your company has in stock what you've committed to deliver. When someone at the shipping desk says an important order will be delivered tomorrow, check tomorrow to make sure it goes out. Don't trust the vendor to meet important delivery schedules. Make it a point to monitor scheduled shipment dates to ensure timely delivery and expedite as needed.

When thinking about the customer, it is important to keep in mind that the customer expects every step of the sales transaction—from the first inquiry until the invoice is paid—to go smoothly. Your customer doesn't—and shouldn't have to—care that all the people on the distribution team are doing their jobs.

On the other hand, every member of the distribution team must recognize that the input to their part in the process comes from another team member and that the output of their job is the input of another team member further along in the process.



# How to Handle

## Problem Customers

Members of the team must be as committed to their fellow team members, their internal customer, and the accuracy of the total transaction as they are to the outside customer that pays all the bills. Without that commitment, the transaction can easily break down, leading to poor service and an unhappy customer.

Go the extra mile for customers. Measure twice to avoid cutting twice.

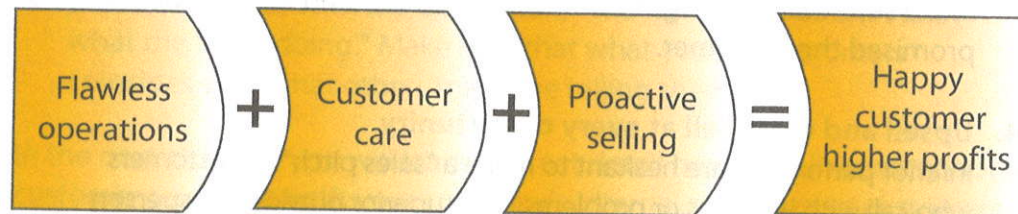
### Customer service goes hand-in-hand with selling

The main function of an outside sales rep is to make profitable sales for a distributor. However, it's impossible to separate the sales function from the customer service role. One works hand-in-hand with the other.

Distribution is not a business of fast-talking salespeople. You can be shy and soft-spoken, and still be a superb salesperson. As long as you dedicate yourself to first-rate customer service, customers will go out of their way to buy from you.



*Every member of the distribution team must recognize that the input to their part in the process comes from another team member.*



# How to Handle

## Problem Customers

### Eleven Ways to Become a Customer Service Superstar

**1. Respond in a timely manner to all requests**

Put yourself in the customer's shoes. How do you feel when you request information from a company, but are kept waiting so long that by the time it finally arrives, you have forgotten why you wanted it?

**2. Make each customer feel appreciated**

Be generous with "thank you" and "you're welcome." Thank them for their understanding if a mistake has been made. Always end a phone conversation on a good note. Be positive in your remarks.

**3. Follow up**

Make sure that things get done in the manner and time frame that you promised the customer.

**4. Upsell and cross-sell at every opportunity**

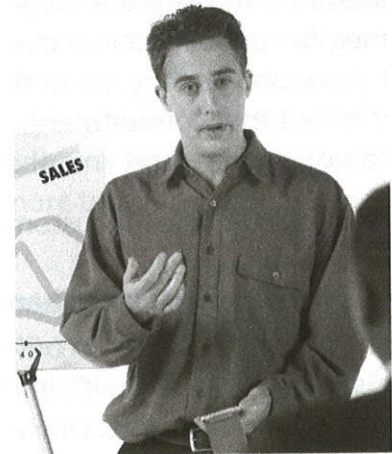
Inferior performers are hesitant to make a "sales pitch" to customers who call with inquiries or problems. The superior outside salesperson understands that it would be a disservice to customers not to let them know of opportunities to purchase upgraded and supplementary products.

**5. Treat smaller customers with the same respect as your bigger ones**

Customers who give you a tiny amount of business may grow into bigger customers if you make them feel special.

**6. Always have a smile in your voice**

If you smile when you talk to your customers—even over the phone—you'll sound like you're smiling. What's so important about a smile? Most people would rather be around people that appear to be happy and positive, rather than people that are unhappy and negative.



## How to Handle

### Problem Customers

**7. Treat your customers with respect—ALWAYS**

This is not easy to do when they don't treat you with respect, but it's a sign of professionalism to rise above abusive people.

**8. Always be patient with customers**

Make sure you understand what the problem is before attempting to resolve it or comment. Customers sometimes complain about one thing when they are really annoyed about something else.

**9. Make sure the customer is satisfied**

At the end of a conversation, reiterate what you believe the problem to be and how you intend to correct it.

**10. Keep an open mind**

Don't prejudge situations. Don't assume you know what will satisfy the customer until you hear it from the customer.

**11. Always be aware of what's happening within your company**

We're all familiar with the expression, "The right hand doesn't know what the left is doing." Make sure that what you tell customers coincides with what others might be telling them.

In the next chapter, you will learn in great detail how to deliver exceptional customer service to both your company's internal and external customers. You'll examine customer requirements and expectations in more detail, as well as how to balance them against the need to generate profitable sales for your company.



## Quiz

## How to Handle Problem Customers

1. **The old saying “The customer is always right” means that**
  - A. problems usually result from misunderstandings.
  - B. customers should be given the benefit of the doubt.
  - C. employees make more mistakes than customers do.
  - D. customers are never at fault in a business transaction.
  
2. **As an outside salesperson, you can never win an argument with a customer because**
  - A. being “right” may cost you the business.
  - B. a customer is never wrong.
  - C. the customer “pays” your salary.
  - D. a customer doesn’t want to lose face.
  
3. **All of the following phrases are likely to upset a customer EXCEPT**
  - A. “The problem originated in another department.”
  - B. “I was absent from work when the mistake was made.”
  - C. “It’s against company policy.”
  - D. “Let me see if I understand the problem.”
  
4. **When customers who have been satisfied in the past suddenly complain about something, you should**
  - A. ignore their complaint.
  - B. gather facts and take notes.
  - C. tell them the problem is not your fault.
  - D. tell them to wait while you find out more about the situation.
  
5. **Which of the following is NOT one of the eight steps to take in handling upset customers?**
  - A. Follow up
  - B. Gather facts
  - C. Propose a solution
  - D. Suggest the next action





## Quiz

## How to Handle Problem Customers

6. In which of the following situations should an outside salesperson apologize to an angry customer?
- A. Only when the company is wrong
  - B. Only if a customer gets abusive
  - C. To admit the company's wrongdoing
  - D. To express sympathy about the issue
7. The first step in handling an upset customer is to
- A. acknowledge the company's mistake.
  - B. propose a solution.
  - C. correct the mistake.
  - D. agree that problem exists.
8. When you thank a customer for bringing a problem to your attention, it
- A. gives you a chance to build lasting relationships.
  - B. helps you keep your job.
  - C. enables the customer to vent.
  - D. allows the customer to get abusive.
9. A firm's most loyal customers are likely to be those who
- A. buy the most often.
  - B. are the most profitable ones.
  - C. have their problems solved.
  - D. pay the lowest prices.
10. Every member of the distribution team has a function; the main function of an outside salesperson is to
- A. assure that customers are happy.
  - B. make profitable sales for a distributor.
  - C. retrieve requested information promptly.
  - D. make no customer service mistakes.

(Answers below)

Answers: 1-B; 2-A; 3-D; 4-B; 5-C; 6-D; 7-D; 8-A; 9-C; 10-B



## How to Deliver Exceptional Customer Service

*The key to giving top-notch customer service is understanding the business concerns of your customers.*

**After reading and studying the material in this chapter, you will be able to:**

- 1. Explain how distributors' customers' needs have changed.**
- 2. Compare the different priorities of contractor, MRO, and OEM customers.**
- 3. Explain the connection between flawless transactions and satisfied customers.**
- 4. List the nine steps common to recording and fulfilling an order.**
- 5. Discuss how internal customers are critical to superb service.**
- 6. State the components of a culture of customer care.**



# How to Deliver

## Exceptional Customer Service



*Do all you can to make customers think of your company as the most desirable supply house.*

### Customers Want to Deal with Distributors that Understand Their Business

Customers are the lifeblood of any business. Your goal as an Outside Sales Representative is to do all you can to make customers think of your company as the most desirable supply house from which to buy. The distributor with the best reputation among customers in a given market usually is the one that delivers the best customer service.

Distributors have various ways to measure customer service. Capturing data on fill rates (the percentage of orders or line items filled completely), errors, and on-time deliveries are among the ways companies gauge how they perform with transactions.

Yet customer service is a matter of perception more than statistics. Your company can rank high in all the measurable areas, but still be back in the pack in the eyes of customers. That's because reputations are forged through relationships. Customers want to do business with distributors whose employees are knowledgeable. They want to be treated with respect. They want to deal with people who solve their problems quickly and inexpensively. They want to give their business to people who are friendly, cheerful, and helpful. Most of all, they want to deal with people who understand their business.

### Customers' Needs Have Changed

Most distributors claim they give great customer service. However, it's easy to be fooled when you try to evaluate your own performance. A reputation for great customer service is not an exercise in self-congratulations. Only the customers can bestow it.

Imagine yourself in the following real-world situation. You are working for Supply House A. You answer a phone call from a customer who wants to know if you have a certain product in stock, how much it costs, and if it meets certain technical criteria. Within seconds, you retrieve the information, read it to the customer, and exchange pleasantries before hanging up. It's tempting to pat yourself on the back for a job well done.



## How to Deliver

### Exceptional Customer Service

#### **Superb customer service goes beyond “what they need, when they need it”**

But suppose that customer made a second phone call to Supply House B, maybe to compare prices. Its salesperson did everything you did, except this person also informed the caller of a similar product that can do the job just as well. The salesperson even told the customer that although the other product is slightly more expensive, it offers labor savings that more than make up for the additional purchase price. This salesperson also added, “If you need this right away, our truck can get to your place by late afternoon.”

*Which distributor do you think will be perceived as offering better service?*

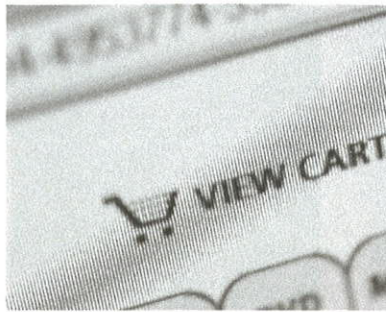
The salesperson at Supply House A did not do anything wrong. Everything the customer asked for and expected was delivered. Unfortunately, when you simply meet customer expectations, it’s likely they won’t even notice. That’s what customers expect. They’ll only notice if you fail to meet expectations—or if you exceed them.

#### **Superb service exceeds the customer’s expectations**

The Supply House B salesperson exceeded the customer’s expectations. This salesperson offered additional valuable services to the customer, and was able to do so because of an understanding of the customer’s business. The salesperson knew that labor savings would be more important to the customer than paying a little more for an upgraded product, and also knew that when customers take time to call a salesperson, they usually need something right away. That’s why the salesperson volunteered to have the item shipped immediately. Furthermore, this salesperson was aware of the company’s delivery capabilities.

*Learn your customers’ businesses and know your company inside out. That’s the recipe for becoming a top-rated salesperson.*

The salesperson at Supply House A had an out-of-date way of thinking about customer service. There was a time when superb customer service could be defined as supplying customers what they asked for when they asked for it. In the past, only the best firms were able to accomplish that because it typically took days or weeks to ship goods from one part of the country to another. Information also was more difficult to come by. Those who possessed it had something of exceptional value to offer.



*Because of the Internet, customers can have products shipped from anywhere in the country overnight.*



## How to Deliver

### Exceptional Customer Service

Moreover, it used to require special expertise to identify and find certain products. Customers relied on distributors to do that for them. Times have changed because most products can now be obtained overnight if necessary. The Internet has made it easy for anyone to locate almost anything. Customers not only can locate products and product information online, often they can buy it with a few mouse clicks and have it shipped from anywhere in the country overnight.

This means it's no longer good enough to have what customers need when they need it. Distributors that want to stand above the competition in today's world must provide services that most customers wouldn't even think of asking for. You can only do that if you understand your customers' businesses and how they make money.

### Contractor, MRO, and OEM Customers Have Different Priorities

Understanding a customer's business takes time and effort. As much as anything it requires a commitment to continuous learning. Luckily, learning opportunities will help you relate to customers and the issues they face. They include:

- **Educational opportunities by your association**
- **Information from your customers' associations**
- **Training sponsored by your employer or vendor**
- **Websites of vendors and suppliers**
- **Formal and informal conversations with customers and vendors**
- **Newsletters and online e-letters on industry issues**
- **Industry trade publications**

Complicating the task is that most distributors have multiple types of customers with different concerns. For instance, many distributors deal with both construction contractors and industrial customers. Contractors tend to place a high value on things like next-day delivery to a jobsite and convenient pickup service. Contractors also tend to have specific brand preferences for many items.



# How to Deliver

## Exceptional Customer Service

Industrial customers, on the other hand, usually don't place the same value on next-day delivery, pickup service, or brand names. To them, it's very important that goods arrive within an agreed-upon schedule, but seldom do they need things shipped on an emergency basis. Industrial customers also value technical services such as bar-coded inventory and computer integration for purchases and billing, which are of lesser concern to most construction contractors.

### Variations exist within customer groups

Even within those customer groups, there will be different priorities depending on the types of work and product applications. Contractors that do primarily residential work face some different issues than those who pursue commercial building. Likewise, service contractors have different needs than those who operate in the new construction market.

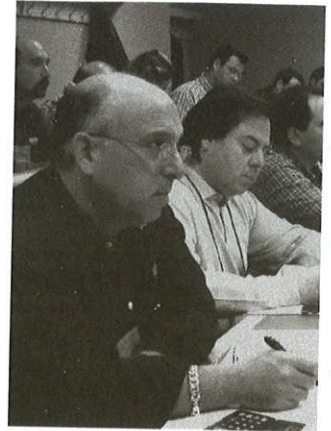
### MRO refers to maintenance repair operations

Industrial customers also may have different needs, depending on whether they are MRO or OEM users. MRO stands for maintenance, repair, and operations, and refers to goods used to sustain the factory and keep production lines running. MRO customers typically keep a stock of critical repair and replacement parts in an on-site storeroom. Then the maintenance staff can quickly make repairs or perform preventive maintenance at specified intervals.

### Distributors help factories keep the production lines running

For industrial customers, the most important consideration is to keep production lines running. Anything that causes a slowdown or stoppage in production can be devastating to manufacturers. So their top priority is to make sure they have items constantly on hand to minimize this possibility.

Some distributors offer inventory management programs to their industrial customers. This is a value-added program whereby distributors take responsibility for making sure their customers' storerooms have all the spare parts needed to prevent downtime. Inventory management programs can be a great service to offer. Customers may not know how to manage their inventory as well as their distributors do. So distributors with inventory management expertise can lock in this very profitable business with a client.



*Take advantage of the educational opportunities at your professional or trade association.*

*MRO refers to  
Maintenance,  
Repair, and  
Operations*



# How to Deliver

## Exceptional Customer Service



*Repair and replacement parts*

*The price of repair and replacement parts is not as important to industrial customers as making sure they have what's needed to avoid downtime.*

Distributors often use sophisticated formulas to help industrial customers reduce the amount of inventory they carry, while ensuring that they don't run out. Inventory management agreements entail a great deal of responsibility on the part of distributors. If the right materials aren't available when needed, it will not be the fault of a factory's plant manager or maintenance staff. The blame will lay with the distributor.

### **OEM refers to original equipment manufacturing**

OEM pertains to products sold for original equipment manufacturing, such as a valve or fitting used as a component of an engine. OEM accounts typically use large quantities of materials for a given production run, and then they may not need any of those materials until the next production run for that assembly. Usually factories do not have room to store all of the components needed to assemble their products, so they prefer to have distributors hold on to the components for as long as possible. OEM clients frequently request "just-in-time" delivery. This means they ask the distributor to deliver the needed components as close as possible to the start of a production run—even the same day.

*OEM refers to  
Original  
Equipment  
Manufacturing*

To stand above the competition, a distributor must be knowledgeable about these different needs among customers and tailor services to meet them. An outside salesperson is often in the thick of the effort to deliver valued services, no matter what they may be.

### **What OEM/MRO customers value**

Again, any downtime by the customer is wasted expense. The wholesaler-distributor who can ensure that a production line is never shut down due to lack of needed assembly products, or never breaks down for extended periods due to lack of repair parts, is targeting their service at the customers' business model.



## How to Deliver

### Exceptional Customer Service

#### Here is what the OEM/MRO customers want:\*

- ✓ **Technical and applications support for the items we buy**
- ✓ **On time, accurate deliveries—product in good shape**
- ✓ **Value-added service such as VMI, bar-coding, special reporting**
- ✓ **Competitive, stable pricing but not necessarily the lowest price**
- ✓ **Availability for computer integration systems for purchases and billing**
- ✓ **One-stop shopping to ease ordering and documentation**

#### Here's where contractor and OEM/MRO customers usually differ:

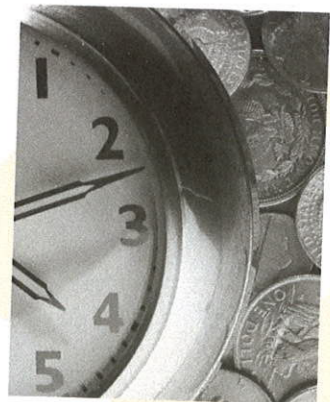
- ✓ **Technical support is often more important to OEM/MRO**
- ✓ **Value-added service requests are more common with OEM/MRO**
- ✓ **Pick up service is not as common with OEM/MRO**
- ✓ **Next-day delivery service is not as common with OEM/MRO**

\* Excerpted from "Customer Service: The Path to Higher Profits," copyright 2004, ASA Education Foundation, Chicago, IL.

#### Time is money for contractors

One thing all of these customers have in common is the need to make profits. In construction work, labor is the biggest cost factor. Anything you can do to help contractors reduce their labor cost is a valuable customer service.

Contractors cannot afford to have their workers stand around idle while waiting for materials to be delivered. Even worse is when they waste time dealing with mistakes, such as when the wrong products are delivered or the paperwork doesn't make sense. Mistakes are especially costly. Not only do they delay productive work, but customers waste even more time getting the problems straightened out. Sometimes a mistake requires customers to dismantle and rework an installation. That frequently wipes out any profit on the job.



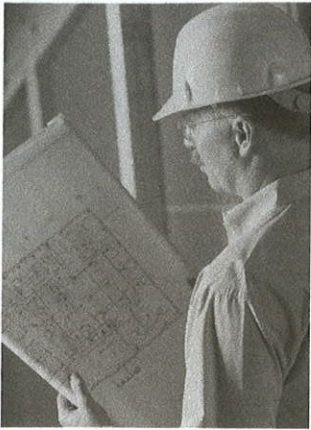
*Always be mindful that  
"time is money."*





# How to Deliver

## Exceptional Customer Service



*"It's important for me, that salepeople are immediately available when I call and that they're eager to help."*

Always be mindful that "time is money." Strive to get the job done efficiently and accurately. Make it a point to fulfill requests immediately for catalogs, samples, or information. Delays in obtaining these items can be just as costly as the late delivery of job materials.

So, too, are delays in waiting for phone calls to be returned. Make it a practice to return phone calls promptly, and with any requested information already in hand. Take a look at the list of what contractors want and note how many priorities relate to **"not wasting my time."**

### Here is what contractors value:\*

- **Salespeople are immediately available to answer questions and are eager to help**
- **Ship our orders complete**
- **Next day delivery service**
- **Proactively follow up on orders and requests**
- **Have a wide range of products (one-stop shopping)**
- **Carry specific brands that I prefer**
- **Have the lowest price**
- **Pickup service is fast—I get in and out quickly**
- **Make jobsite deliveries before 9:00 a.m.**

\* Excerpted from "Customer Service: The Path to Higher Profits," copyright 2004, ASA Education Foundation, Chicago, IL.



## Flawless Transactions Mean Satisfied Customers

### Order tracking is an important responsibility

Within a distribution firm, an inside salesperson usually is assigned the responsibility to ensure that the correct materials are supplied in a timely manner—whether it is an inside customer (an outside salesperson) or an outside customer who places the order. Orders sometimes get delayed, and it is up to the inside salesperson to find out why and to expedite the delivery process.

This can be trickier than it sounds. Distribution is a complex business that requires coordination among several different companies and various individuals to satisfy customer needs. The materials and information processing—whether by computer or paperwork—for a typical order passes through multiple parties, all of whom are inclined to human error.

### Fulfillment process has several steps

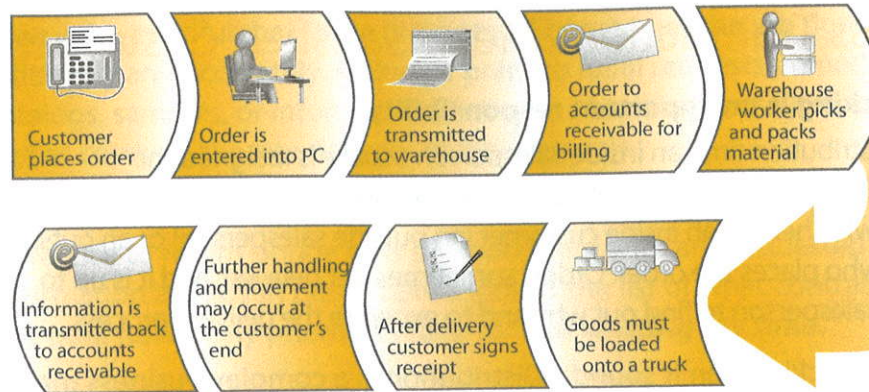
For a simple order that can be filled with goods that are stored in the distributor's warehouse, the process typically goes something like this:

1. Salesperson or customer places an order with an inside salesperson or counter salesperson
2. That salesperson enters the order into a computer (in some companies, a separate person may be responsible for order entry, adding one more possibility of miscommunication)
3. The order is transmitted to the warehouse for picking
4. A copy of the order gets transmitted to accounts receivable for billing
5. A warehouse worker picks and packs the materials and transfers them to the shipping area for delivery, or to the counter area for pickup
6. The goods must be loaded onto a truck for delivery, or a counter worker must correctly identify the order and hold it for the right customer
7. The truck driver delivers the goods, and the customer's representative signs a delivery receipt; or the goods are picked up and signed for at the distributor's counter
8. Further handling and movement may occur at the customer's end
9. Information is transmitted back to the distributor's accounting department for billing and posting as accounts receivable



# How to Deliver

## Exceptional Customer Service



As you can see, just filling a simple order from your warehouse shelves involves a lengthy chain of custody. The process becomes even more complex if all of the items are not available. Then the order may be partially filled, while the rest must come from a vendor's factory, a manufacturer's rep's warehouse, or a master distributor's facility. This means more parties get involved in the transaction, which creates more opportunities for mistakes to be made.

*When any type of mistake happens, the impact on the customer—whether the customer is a contractor, MRO or OEM—can be very costly.*

A mistake can happen during any step along the way. Paperwork might contain wrong information or get lost or misdirected. The wrong materials could be picked. The materials might get sidetracked and sit unnoticed in the corner of someone's warehouse or shipping dock. The goods could be loaded onto the wrong delivery truck, or the truck driver could drop them at the wrong location. When any type of mistake happens, the impact on the customer—whether the customer is a contractor, MRO, or OEM—can be very costly.

### **A salesperson must understand the distribution process**

When you think about how many people must do their jobs correctly just to fill a simple order, it's no surprise that mistakes occur. More surprising is that they don't happen more frequently. It's a tribute to the skills of the American distribution industry that the vast majority of orders do get filled and delivered correctly.

When something does go wrong, the salesperson must understand these different links in the chain of distribution to track down the cause and fix the problem. It requires thorough understanding of all of the steps in a distributor's operations, and the paperwork that accompanies each step.



## How to Deliver

### Exceptional Customer Service

#### **Expediting means springing into action**

It is useful for the salesperson to figure out what went wrong when a mistake occurs, in order to identify steps to prevent the same mistake from happening again. It's important to keep in mind that the customer doesn't care why mistakes happen. The only thing that matters to the customer is obtaining what's needed as soon as possible.

This requires being armed with extensive knowledge about your company's operations. It also requires being familiar with vendors' operations, as well as those of manufacturers' reps, master distributors, and transport companies.

A problem may not even involve a mistake on anyone's part. Occasionally, customers decide they need something quicker than they originally indicated. When these situations arise, the company may be asked to speed up the process. It is a great opportunity to surpass customer expectations.

If an unanticipated need arises, the company may have to act on an emergency basis to locate and purchase critical materials. This may require obtaining them from a master distributor or even a competitor—sometimes at a premium price. A salesperson needs to exercise good judgment in deciding when a situation calls for emergency tactics.

## Your Internal Customers Are Critical to Superb Service

Another type of customer exists for every distribution firm. That's your internal customer. These are the colleagues who work with you to provide services to your external customers who buy products. Almost any service a customer receives is the result of the work of several people.

A customer may call you about a billing issue, or for engineering expertise, or to check inventory or order status, or for a myriad of other reasons. To satisfy these requests, the outside salesperson will need assistance from inside salespeople, the quotations department, warehouse order pickers, shipping dock workers, or office staffers who work in purchasing or accounts receivable. At various times, an outside salesperson will interact with almost everyone in a distribution firm.

You also will work closely with vendor and manufacturers' rep personnel, as well as master distributors. Think of them as your internal customers as well.



# How to Deliver

## Exceptional Customer Service



*Maintaining strong relationships with co-workers will go a long way toward ensuring superb service.*

### Relationships are built over time

Maintaining strong relationships with co-workers will go a long way toward helping you to become successful. If you don't serve internal customers well, you can't serve your external customers well. If you don't provide accurate information to the warehouse, an order will not be pulled or shipped correctly. If you don't provide accurate and timely information to accounts receivable, billing will be messed up. If you don't obtain accurate information from vendors pertaining to shipment dates and expected dates of delivery, the customer's project be delayed. In all cases, you caused a problem for the customer.

Personal relationships also count with internal customers. The better your relationships, the more inclined they will be to go the extra mile to help you fulfill customers' requests. So it's important to be cheerful and cultivate friendships within the company. Even more important, the best way to build those strong internal relationships is to go the extra mile when they need a favor from you.

### The buck stops with you

The opposite of cooperation is "passing the buck." Superb customer service requires taking charge of a situation. For instance, if a customer has a question about an order or an invoice, good salespeople will not merely transfer the phone call to someone in the warehouse or office. They'll take the initiative to get the answers for the customer.

Think of how many times you've gotten passed around to multiple parties when you've called an organization to obtain information or resolve a problem. Don't you get tired of having to explain the problem over and over to each person who answers the phone? Plus, the more people you get transferred to, the more likely it is that you'll encounter one who may not be very responsive. Think of how infuriated you got when someone left you on hold for a long time or cut off your phone call.

Don't let it happen to your customers. **YOU** take charge of obtaining the correct information from co-workers. If they're slow in providing it, **YOU** follow up with a reminder. Then **YOU** call the customer back with the answer as soon as possible.



# How to Deliver

## Exceptional Customer Service

*Everyone in the distributorship may do his or her job but the customer experiences the entire transaction. When all internal customers take responsibility for the transaction, the outcome of a happy customer is much more certain.*

## Develop a Culture of Caring for the Customer

Many distributorships work hard to develop a culture of commitment to the customer. Many have codified that commitment into a set of guiding principles for the distributorships in their work with customers. Some post it as a reminder to employees and customers alike of why the distributorship is in business. Here is an example:

### Commitment to our customers

- ✓ You are the reason we are here—not an interruption of our work.
- ✓ You are not dependent on us—we are dependent on you.
- ✓ You are a key component of our company—not an outsider.
- ✓ You bring us wants, and it's our job to fill those wants.
- ✓ You deserve our courtesy, respect, and the most attentive treatment we can give.
- ✓ You make it possible to pay our salaries, whether we are truck drivers or managers.
- ✓ You are the lifeblood of our business.
- ✓ You are human, just like us, with the same feelings and emotions.
- ✓ You deserve to be listened to—not argued with.

In this chapter, you have learned to anticipate customers' needs and exceed their expectations. A good salesperson has a take-charge attitude. It is not enough to respond to customers' requests. You must be proactive in giving customers more than they expect.



## How to Deliver

### Exceptional Customer Service

In the next chapter, you will learn to handle one of the trickiest situations an outside salesperson is likely to encounter—how to manage your time effectively in order to get everything done. Finding time to perform all your duties while drumming up new business and retaining the old business is a challenge. That's why the next chapter is devoted to time management. You'll learn about ways to reduce stress, boost productivity, and reclaim your personal life.



## Quiz

## How to Deliver Exceptional Customer Service

1. **The most important thing a salesperson can do to deliver superb customer service is to**
  - A. return phone calls promptly.
  - B. satisfy customer basic expectations.
  - C. understand the customer's business.
  - D. give the customer the benefit of the doubt.
  
2. **All of the following are good ways to learn about a customer's business EXCEPT**
  - A. Taking advantage of educational opportunities offered by your association
  - B. Reviewing information from your customers' associations
  - C. Reading industry trade magazines
  - D. Calling competitors and asking them questions
  
3. **When serving industrial customers the most important consideration is to**
  - A. provide next-day service.
  - B. keep production lines running.
  - C. offer the lowest price.
  - D. qualify for premiums from the vendor.
  
4. **Contractors usually place a high value on all of the following EXCEPT**
  - A. Technical services
  - B. Next-day delivery to a job site
  - C. Convenient pickup service
  - D. Availability of their favorite brand items
  
5. **All of the following are likely to be important to industrial customers EXCEPT**
  - A. Technical services
  - B. Goods delivered on schedule
  - C. Brand name products
  - D. Purchasing and billing services





## Quiz

## How to Deliver Exceptional Customer Service

- 6. Products sold to be part of a larger assembly are known as**
- A. MRO.
  - B. IOU.
  - C. VMI.
  - D. OEM.
- 7. Today's customers can be more demanding for all of the following reasons EXCEPT**
- A. Customers can buy products from many sources.
  - B. Fewer products are available.
  - C. Many products can be obtained overnight.
  - D. Customers can purchase online.
- 8. Which of the following is the MOST costly for a customer?**
- A. Lower discounts
  - B. Mistakes
  - C. MRO products
  - D. Not getting phone calls returned
- 9. The MOST important reason for treating internal customers well is because they**
- A. are critical to superb customer service.
  - B. may be one of your bosses someday.
  - C. will act the same way toward you.
  - D. can positively impact your work environment.
- 10. When a mistake occurs, customers usually don't care about**
- A. honest mistakes.
  - B. the reasons for mistakes.
  - C. mistakes that are not your fault.
  - D. mistakes that only cost them time.

(Answers below)

Answers: 1-C; 2-D; 3-B; 4-A; 5-C; 6-D; 7-B; 8-B; 9-A; 10-B



## CHAPTER 11

### Effective Time Management

*There are barely enough hours in the day to accomplish every task, so it's important to learn how to work smarter.*

**After reading and studying the material in this chapter, you will be able to:**

- 1. Increase the amount of time you spend selling.**
- 2. Identify and eliminate time-wasting work practices.**
- 3. Avoid wasting customers' time.**
- 4. Practice seven crucial time management principles.**



# Effective

## Time Management



Take a moment to go back and read the typical job duties listed for an outside sales representative in Chapter 1. Time is a precious commodity in this job. For you to get everything done that needs to be done within normal working hours, you will have to manage your time effectively.

Experience and knowledge are great time management assets. As you gain experience, you'll be able to perform your duties better and in less time. You'll know where to find information quickly. You'll become familiar with many customers and their preferences. You'll figure out shortcuts that save you time. By taking the time now to learn everything you can about your products, your customers, and the business, you will become more efficient for the long haul.

### **Take control or the job will frustrate you**

One aspect of the sales job does not change—even with experience. A harsh reality is that as a salesperson you are never in total control of your workload and the time it takes to perform all tasks. A salesperson cannot predict how many customers will be available on any given day, what products or services they may require, how urgently they may need those products, or how much time it will take to complete your sales call.

On certain days you may spend virtually all of your time visiting established customers. Sometimes you'll visit several new customers, which means answering questions about your company and its products. These calls may take longer than you planned and will throw you behind schedule. At times, you may feel frustrated at not being able to meet with everyone you had scheduled.

Uncertainties aside, many sales calls are routine and predictable. You must take control of the job by planning and managing the time you devote to these routine duties. This will enable you to handle urgent and unanticipated tasks without sacrificing overall job performance. Let's explore some ways to do this.



## Effective

## Time Management

**Allocating Time to Sell is Your Top Priority**

Time management is largely a matter of setting priorities. You want to allocate enough time to accomplish the tasks that are most important.

For a salesperson, nothing is more important than time spent talking to customers. They deserve your full attention. When they call, put aside paperwork, email, and other tasks that can be done later. Even though we all think we can multi-task, it's impossible to give customers your full attention if you are scrolling through an email or checking your iPad®.

**Every customer call is a sales call**

Every customer conversation can be regarded as a sales call. This may not be the case in a literal sense, because every call doesn't concern ordering products. Yet every customer contact helps to shape that customer's attitude toward you and the company for which you work. How you handle these discussions sets the stage for future sales.

If the customer has a problem, it's an opportunity for you to solve it. If a customer requests information, the speed and thoroughness of your response will be a factor in how much confidence the customer places in you. Customer conversations allow you opportunities to help customers and learn more about their business.

*Every customer call is an opportunity to learn more about the customer's business needs.*

You need to maximize these sales opportunities. That's why no duties have a higher priority than customer contact.

**More selling time means more money**

Research by the Industrial Performance Group (IPG) found that peak sales performers in the distribution industry spend 85% of their time engaged in revenue-generating activities. On the other hand, IPG found that the *average* salesperson spends only 42% of his or her time in sales-related activities.

What does that mean in terms of dollars and cents? Let's assume that the average salesperson uses 42% of his or her time in selling activities to sell \$300,000 worth of goods in a year—that is about average in some distribution industries. Let's also assume that the same salesperson puts in 2,000 hours of work per year, the equivalent of working 40 hours per week for 50 weeks.



*Nothing is more important than time spent talking to customers.*





## Effective

## Time Management

	\$	357	<i>Per Hour of Sales Activity</i>
	x	1,700	<i>Hours of Sales Activity</i>
	=	\$606,900	<i>Total Revenue</i>

Similarly, this salesperson's sales commission would likely more than double as well. Looking at real world personnel productivity statistics compiled by the American Supply Association in its *Operating Performance Report*,\* the most profitable distribution firms generate at least 10% more sales per employee than the lower-profit firms.

## Identify and Eliminate Time-Wasting Practices

This doesn't mean a salesperson can neglect the non-revenue generating parts of the job. Paperwork and other administrative tasks must be done—and done correctly. The key is finding ways to accomplish these tasks quickly, efficiently, and accurately to allow more time for customer contact.

To do this, you must avoid time-wasting activities. Here are some notorious time wasters:

- **Mistakes**

If you take a few extra seconds to do something right, you can save hours of wasted time if you must do it all over again. Correcting mistakes and dealing with the problems they cause are the biggest time wasters in a company. In fact, the same IPG survey cited earlier\*\* found that salespeople spend an average of 22% of their time—almost one-quarter of the hours worked—dealing with problems and mistakes. Another study by a manufacturer that sells to distributors found that it took an average of seven phone calls to correct a mistake. Think of how much time it takes to complete seven phone calls. Make it a habit to double-check complicated or unusual orders.

- **Needless business tasks**

Some tasks seem important, but they are just a waste of time. These tasks include running to the warehouse to check inventory when the computer tells you there's plenty available to fill an order.

*Killing time kills profits.*

*Avoid the following:*

- *Mistakes*
- *Needless business tasks*
- *Pointless meetings*
- *Procrastination*
- *Indecision*
- *Incessantly checking email*
- *Surfing the Internet*
- *Long lunches & breaks*
- *Idle chitchat*

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## Effective

## Time Management



*Meetings can sometimes be considered time wasters that take time away from selling and other important activities.*

Or second guessing an associate's way of doing something. Or handling the same piece of paper two or three times. Or performing tasks normally assigned to an administrative assistant. The distribution business is a team effort. Don't try to do everything yourself.

- **Pointless meetings**

Some meetings can be time wasters that take time away from selling and other important activities. Employees don't often have control over choosing whether or not to attend certain meetings. However, they do have the ability to understand the agenda, prepare their own objectives before going into the meeting, and contribute positively to the outcome during the meeting. It may also be possible to tactfully suggest alternative times for meetings so they don't conflict with selling which is your priority.

- **Procrastination**

Some individuals spend more time thinking of ways to avoid an unpleasant task than actually performing it. Your mind will be free and uncluttered if you make it a point to get distractions out of the way quickly.

*Do the hardest tasks first to get them off your plate and off your mind.*

- **Indecision**

When you don't know how to handle a situation, do you put it aside to think it over and over? If you don't know how to handle something, ask someone who does. Then take care of it and get it out of the way.

- **Incessantly checking email**

It's important to check email regularly throughout the day and respond to important messages promptly. However, this doesn't mean you need to read every email the second it arrives and respond immediately. If customers have something urgent to discuss, they most likely will pick up the phone rather than try to reach you by email. So turn off those program features that announce when an email arrives via sound or a pop-up screen. Instead, schedule several times during the slowest period of the day to answer your email. Many people check email first thing in the morning and then again in the afternoon.



## Effective

## Time Management

- **Surfing the Internet**

There's a world of information available to you with a few clicks of a mouse. That's both good news and bad. The Internet enables you to find out just about anything, but it also offers a world of time-wasting temptations. Web surfing can be hazardous to your income and your job. Don't even think about visiting porn or gambling Websites. Many companies monitor employees' computer usage. Some have policies that call for automatic termination of those who visit forbidden Websites. And politely tell your friends that you are too busy to read all the jokes that circulate by email.

- **Long lunches and breaks**

Don't feel guilty about taking breaks to eat, relax, and reenergize. Just be aware that time spent in these activities is time taken away from selling opportunities. Try to schedule your breaks for slack periods in the day.

- **Idle chitchat**

There's nothing wrong with indulging in a little small talk with colleagues about sports, weather, movies, or whatever else sparks a common interest. The emphasis is on "little." Many companies have individuals who treat the workplace as a social hub. A salesperson doesn't have time to get bogged down in office politics, gossip, and other trivial matters. Get back to work when others start to waste your time.

### **Dancing to the workday rhythms provides more time to sell**

Workdays in every industry have an ebb and flow of busy and slow periods. A salesperson needs to identify the rhythm of a typical workday and schedule activities accordingly.

Sales calls always will be the top priority of a salesperson, of course. Prime selling hours are typically between 8:00 a.m. and 5:00 p.m.

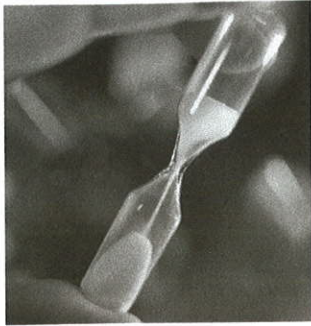
Nonetheless, interruptions, minor emergencies, phone calls, and a myriad of other issues can draw your attention away from selling. If you lose those hours, you lose revenue. Set aside time four 1/2 hour times during the day—twice in the morning and twice in the afternoon—to address non-selling issues. Use this time for prospecting, paperwork, email, etc. If real emergencies arise, they take precedent over everything else, but you will see that real emergencies are rare.



*Identify the rhythm of a typical workday and schedule activities accordingly.*







*Schedule your sales calls with your customers' time in mind, as well as your own.*

## Avoid Wasting Customers' Time

Your customers value their time just as much—if not more than—you value yours. They hate talking to salespeople who waste their time.

Here are a few key ideas to follow:

- **Schedule your sales calls with your customers' time in mind, as well as your own**
- **Call ahead to ask whether you can email information about what you want to talk about during your visit; this saves time for both of you**
- **Don't call them during their busiest hours**
- **Don't waste time trying to reach them then when you know they are not available**
- **Organize your information and prepare to state your business quickly and succinctly on every sales call**
- **Keep small talk to a minimum; get to the point**
- **Check the length of your sales calls**
- **Don't suggest items that are unimportant to their businesses**

### **Know your customers' businesses**

The better you get to know your customers' businesses, the more efficient you'll be in your customer contacts. You won't bother trying to sell your customers products that are not a good fit for their businesses. You'll learn their preferences and buying habits.

Take notes and make it a point to learn something new about a customer's business with every conversation.



## Practice the Seven Crucial Time Management Principles

### 1. Organize your information for rapid access

Keeping orderly files and a neat desk or laptop is more than a matter of appearance. It will help you save time.

For each customer, you should create a paper or computer-based folder that contains all the relevant information for that customer—orders, notes from previous conversations, background information, maybe a list of the customer's key Web pages, etc. When the folder begins to get full, start a new one organized by year or some other parameter.

When you prepare to call a customer, take a few moments to review the contents of the customer's folder first. Have your filing system nearby for quick and easy retrieval in case the customer calls you. Keep the information in front of you when speaking to a customer.

#### **Use the computer to save time**

Some distributors may have extensive customer records available via the computer. These are real time savers. If not, build your own electronic database and/or paper files.

*The key is being able to access the information you need quickly.*

This will save many minutes throughout the day. It will also eliminate many of those "I'll have to get back to you" phone calls that are big time wasters—time that could be spent selling.



## 2. Distinguish between the urgent and the important

Years ago, we would have encouraged you to distinguish between the urgent and the “trivial.” In today’s fast-paced business world, almost everything seems important to your customers. They wouldn’t take the time to call you if it wasn’t necessary. People also have grown impatient. They tend to want things right now, even if they could live without it for several days. You can’t change the way your customers may think and behave. Even if their concerns seem trivial to you, you must treat them as if they’re as important to you as they are to your customers.

Start thinking in terms of “urgent” versus “important.” For example, it is important that customers have replacement parts nearby when something breaks down. The situation becomes urgent when something breaks down and the part that will minimize down time is not on hand. A salesperson who helps customers avoid downtime adds significant value to their relationship.

Keep in mind that urgent tasks are the enemy of effective time management because they must be done immediately without regard to the time or response required.

On the other hand, important needs must be addressed quickly and accurately so as to avoid becoming urgent situations. For example, if the important task of ordering needed replacement parts had been done in a timely manner, the urgent task of getting the replacement part during a breakdown would not have occurred.

*The more effectively you address the important, the less time you will have to spend on the urgent.*

## 3. Schedule your priorities; don’t prioritize your schedule

An outside salesperson’s job description is long and varied. Not every task needs to be done every day, however. And, as you have seen, some duties are more important than others.

### **Daily to-do lists can be helpful**

Some people find it helpful to jot down a “to-do” list of things they want to accomplish each day. There is one principle to follow in making and managing your list:



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## Time Management

*Not everything on your to-do list carries equal weight.*

“Schedule your priorities” means you must decide which of the many tasks you need to do are of highest priority. Then do those tasks first.

For instance, if there are 10 items on your daily “to do” list, it may be that only two of them are a top priority. You may want to devote the first hour(s) of the workday to these tasks. The other hours would be devoted to the remaining eight tasks on the list.

The following is an example of a prioritized to-do list:

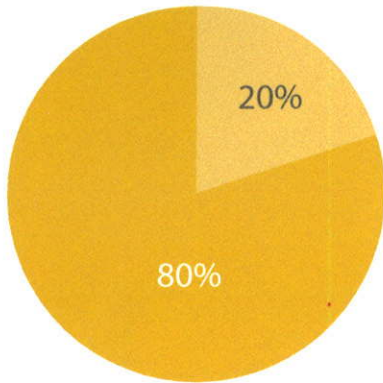
### Today’s “To Do” List

1. **Follow up on Anderson back order shipment**
2. **Make 15 prospecting phone calls (use as much time as needed)**
3. **Review credit reports on new customers**
4. **Follow up on last week’s Smith shipment to ensure satisfaction**
5. **Arrange for catalogs to be sent to new customers**
6. **Speak with purchasing manager about sudden change in usage**
7. **Speak with sales manager about complaint voiced by Smith**
8. **Update/clean up files in laptop**
9. **Read product literature on updated Product A**
10. **Review customer files for needed add-ons**



## Effective

## Time Management



Pareto's Law

**The 80/20 rule**

You'll find that a salesperson's tasks, as do most jobs in the business world, follow Pareto's Law. More commonly known as the "80/20" rule, Pareto's Law refers to a curious natural phenomenon that many human endeavors tend to follow an approximate 80/20 ratio.

For instance, most businesses find that about 80% of their sales revenue comes from around 20% of their customers. As a salesperson, you are likely to experience this phenomenon with your customers as well.

Pareto's Law also determines that about 80% of your time will be spent—and *should* be spent—on about 20% of your duties.

**4. Get rid of clutter**

When they run out of room in their desk and/or file cabinet, most people request a bigger desk or cabinet. In most cases, it's time to start tossing stuff out.

**Questions to distinguish clutter from paperwork worth saving**

1. Does this require action?
2. Does it exist elsewhere?
3. Would it be difficult to get again?
4. Does it have legal implications?
5. Is the information up-to-date?

If the answers to all of the above are no, ask one more question:

6. What's the worst thing that could happen if I didn't have this?

If you can live with the results, toss it.



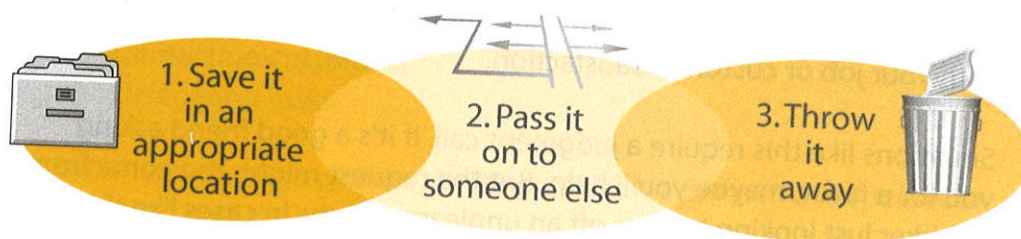
## Effective

## Time Management

**Be decisive with paperwork**

Clutter frequently results from hanging on to too much paperwork. This happens when people can't decide what to do with it. They'll keep a document on their desk or in a file because they are afraid it will turn out to be important—even if it doesn't seem to be when they first read it. They waste time reading it over and over, trying to determine what to do with it.

You'll save time if you make it a point to read every piece of paper that crosses your desk only once. Then, do one of three things with it:

**Computers get cluttered, too**

Clutter pertains to electronic files as well as paper files. Computer folders and files also tend to multiply and become disorganized. You need a logical system for organizing computer files by customer, time, territory, or any other parameters that may be relevant.

**5. Learn how to delegate effectively**

You may not have any assistants reporting to you to whom you can pass off any of your duties. However, you will work with colleagues in other jobs who have their own duties to perform.

Delegating in this case means trusting them do their jobs while you tend to yours. A salesperson can get into the bad habit of being so intent on making sure a customer is served properly that he or she tries to fulfill the entire order.

Most distributors employ administrative assistants and clerical personnel to handle routine chores such as mailings or filing.

You don't have to go into the warehouse to personally check inventory, pull a product, and process an order. Nor should you feel compelled to deliver the product to the customer on the way home.



# Effective

## Time Management



*Sometimes certain individuals may ask you to do things that are unreasonable. It might be a time-consuming task that has nothing to do with your job or customer satisfaction*

Delivering great customer service is a noble instinct that can be carried too far. You will have your hands full doing your own job. Trust others in the company to do theirs, too.

### 6. Learn to say "no"

Be very careful with this one. Being a good team player means going the extra mile to help your internal customers. You want to be cooperative and assist co-workers when they ask for your help.

Sometimes, though, certain individuals may ask you to do things that are unreasonable. It might be a time-consuming task that has nothing to do with your job or customer satisfaction.

Situations like this require a judgment call. If it's a good friend asking you for a favor, maybe you'll help. But the request might also come from a shirker just looking to pass off an unpleasant duty. In cases like this, it might be a good idea to check with your supervisor or manager.

### 7. Take advantage of technology

Almost all distributors have computerized database systems to keep track of customer records. Some are more sophisticated than others.

Learn to use whatever information technology exists in your company. Automated recordkeeping is one of the biggest time savers available to the modern salesperson.

*You're almost there!*

This course has explained the most important considerations that go into becoming an effective outside salesperson. In the final chapter, we will put it all together and define the characteristics you need to become a first-rate sales professional.



## Quiz

## Effective Time Management

1. **Why are experience and knowledge considered to be great time management assets?**
  - A. Familiarity with products and customers help you learn shortcuts.
  - B. As you learn more, people don't bother you with trivial tasks.
  - C. Knowledgeable sales professionals work fewer hours.
  - D. You make more money with less work.
  
2. **Which of the following should be the MOST important priority of an outside salesperson?**
  - A. Correcting mistakes
  - B. Getting rid of clutter
  - C. Contacting customers
  - D. Delegating tasks
  
3. **What percentage of time do the peak sales performers spend on sales-related activities?**
  - A. 20%
  - B. 42%
  - C. 80%
  - D. 85%
  
4. **What percentage of time does the AVERAGE sales performer spend on sales-related activities?**
  - A. 20%
  - B. 42%
  - C. 80%
  - D. 85%
  
5. **The BEST way for outside salespeople to double the amount of their sales commissions is to double the**
  - A. company's gross profit margins.
  - B. amount of selling time each day.
  - C. number of cold calls made each day.
  - D. number of hours spent at work.





## Quiz

## Effective Time Management

6. If a salesperson has a problem with procrastination, which of the following might be a solution?
- A. Carefully find ways to avoid unpleasant tasks.
  - B. Finish the hardest tasks first before tackling easier ones.
  - C. Finish the easiest tasks first before tackling the harder ones.
  - D. Delegate as many tasks as possible to other people.
7. All of the following are ways to avoid wasting your customers' time EXCEPT
- A. Call customers during their slow business periods.
  - B. Monitor the duration of the call.
  - C. Offer items the customer normally does not purchase.
  - D. State the purpose of your call in your opening sentence.
8. Which of the following is NOT a good rule to follow in managing your schedule and priorities?
- A. Schedule your priorities.
  - B. Make daily to-do lists.
  - C. Treat customer concerns as important.
  - D. Assign equal weight to every task.
9. The BEST reason for reducing clutter on your desk and keeping your filing system nearby is to
- A. make the office look more professional.
  - B. reduce the amount of storage space you will need.
  - C. make you look as if you are organized and tidy.
  - D. make it easier to find important information.
10. After reading a piece of correspondence, an organized sales professional may do any of the following EXCEPT
- A. Save it to read one more time.
  - B. Save it in an appropriate folder.
  - C. Throw it away.
  - D. Pass it on to someone else.

(Answers below)

Answers: 1-A; 2-C; 3-D; 4-B; 5-B; 6-B; 7-C; 8-D; 9-D; 10-A



## CHAPTER 12

### Become a First-rate Sales Professional

*To reach the top ranks of sales professionalism, you need to embrace certain business values and master sales skills.*

**After reading and studying the material in this chapter, you will be able to:**

- **Identify 12 key business values and skills that distinguish top tier sales professionals from others.**
- **Discuss the components and importance of the complex sale.**

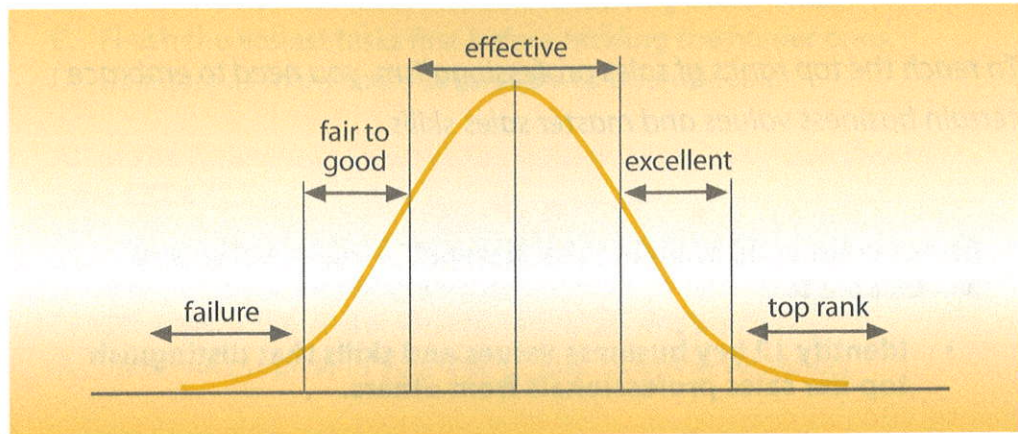


# Become a First-rate

## Sales Professional



The North American distribution industry employs thousands of people in sales jobs. As in any other field, their abilities can be depicted along the lines of a bell-shaped curve.



The shallow rising line that corresponds to the left lip of the bell represents the people who simply are not cut out for this type of work and tend to fail at it. They comprise approximately 10% of the sales universe.

The steeply rising and descending portion of the bell curve represents the vast majority of sales employees. Their performance ranges from marginally effective to excellent. They represent about 80% of all the sales employees working in distribution today. This course so far has addressed the basic skills you need to become an effective salesperson somewhere along that 80% segment of the bell curve.

The ascending left-hand side represents fair to good performers. Over the top and on the down slope the curve depicts those verging toward excellence. Where you place on the bell curve will be determined in some measure by how well you master the lessons of this book.

### Hang on for a joyride!

In this concluding chapter, we'll rev it up and identify what you need to do to slide down the descending line of the bell curve with enough momentum to reach the tip of the right edge. This position represents the top rank of sales professionalism.

Persons occupying this honored position are rewarded with the choicest jobs and the top incomes. Colleagues, vendors, and customers treat them with respect.



## Become a First-rate

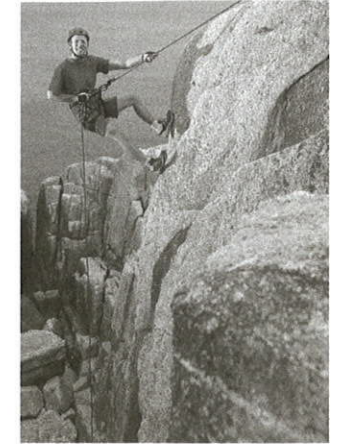
### Sales Professional

These people are first in line for promotions. This is where you want to be.

*It's not easy to get there, but remember that nothing worthwhile comes easy.*

#### Skills + Values = Professionalism

Becoming a first-rate sales professional involves mastering sales skills, but also much more. It requires that you develop an exceptional understanding of business principles in general and the dynamics of your distribution industry in particular.



*Nothing worthwhile comes easy.*

## 12 Key Business Values and Skills That Distinguish Top Tier Sales Professionals

### 1. First-rate sales professionals seek win-win

Top sales professionals resemble diplomats. A diplomat is a public servant employed by a nation to promote that nation's interests. Diplomats also must develop a keen understanding of the interests of other nations they encounter.

These other nations can be thought of as a diplomat's customers. Diplomats do their best to fulfill the reasonable interests of their "customers" without violating the first principle of putting their own employer's interests first.

Your employer is a distribution company. Your first and foremost duty is to represent the interests of your employer by making profitable sales. At the same time, a top-ranked salesperson will strive to do right by the customer.

The professional salesperson is one who:



# Become a First-rate

## Sales Professional

### ***Win-win is a sound business value***

There is no contradiction between these two duties. Successful diplomacy is largely a matter of seeking “win-win” solutions to international problems. When done right, all countries involved in an issue can walk away feeling like winners in protecting their interests.

The same win-win philosophy is a sound business principle that helps define first-rate sales professionalism. First-rate sales professionals seek to make sales that benefit both their employer and the customer.

### **2. First-rate sales professionals believe in what they sell**

Believing in what you sell means having faith in the products carried by your distributor. It also means believing in your company’s mission and the way it conducts business. First-rate professionalism can exist only in an atmosphere of business integrity. You can’t attain that goal if you try to fool your customers into buying products that are inferior or that don’t meet customer needs. This contradicts the win-win goal that is the first key component of professionalism.

### ***Distributors add value***

Believing in your company also requires believing in the role played by distributors in our economy. Distributors commonly get mislabeled as “middlemen” who don’t deserve the profit margins that enable them to survive and, hopefully, prosper. People who make these accusations do not understand the distribution business.

*First-rate sales professionals understand that distributors add value to the products they sell.*

### ***Distributors deserve their margins***

Distribution is a highly competitive business. The profit margins earned by distributors get shaved to the bone by competition. In response, distributors constantly seek ways to contain costs and enhance productivity. This is the only way they can stay competitive in pricing and still support the distribution infrastructure.



## Become a First-rate

### Sales Professional

Distributors spend large amounts of money to maintain inventory, warehouses, delivery trucks, material handling equipment, computers, and other office machinery, as well as supporting the personnel to operate all of it. They also need gross margin dollars to pay talented people such as you to sell products and service customers.

Without distributors, cleverly designed products would sit around a manufacturer's shipping docks, benefiting nobody. End-users would have to endure lengthy delays in obtaining valuable products.

*Distributors serve both their suppliers and customers in a timely and cost-effective way.*

All of this costs plenty of money. But how would goods get to market otherwise?

Some products do go to market without distributors. Certain goods are marketed directly from manufacturers to end-users via the Internet or through other means. This may work in niche markets for certain types of merchandise. But invariably, one important truth will come into play:

*Distributors can be eliminated, but the role of distributors cannot be eliminated.*

Somebody still has to perform the things distributors do in getting goods to market. Someone still has to handle and store the goods from the time they come off the factory floor until the final customer takes possession. Someone has to deliver them to the end-users. Someone has to help those customers solve problems. Someone has to help them obtain price quotations, product literature, technical support, and many other services.

Some manufacturers think they can provide those services more cost-effectively than distributors can. Perhaps a few actually can. More power to them. However, most can't. Many who have tried to handle their own distribution give it up eventually.

In industry after industry, companies have come to realize that businesses specializing in distribution can do it more cost-effectively than anyone else can.



# Become a First-rate

## Sales Professional

To be a first-rate sales professional, you must believe in three things:



### 3. First-rate sales professionals understand business math

Some would say it's the job of company executives and accounting staff to worry about things such as gross margin, mark-ups, and activity-based costing. Why should it concern you? Your job is simply to sell stuff.

It is a mistake to look at the job in that manner. Salespeople can sell a great deal of merchandise if they think only about making the sale without regard to the factors that determine profitability. The key to business success is making profitable sales, not just building sales volume.

#### ***Guard against the "Stockholm Syndrome"***

Be careful not to succumb to the "Stockholm Syndrome." This term refers to the phenomenon whereby people held captive for a length of time tend to identify emotionally with their captors more than the people trying to rescue them.

The Stockholm Syndrome is common in the business world as well as among hostages. It happens because good sales reps spend more time talking to customers than to people from their own company. Hour after hour, day after day, they hear customers telling them that their prices are too high or their services insufficient.

#### ***Profits are essential for business survival***

First-rate sales professionals put these comments in perspective. They understand the value-added contributed by distributors and their need to make a decent profit.

First-rate sales professionals understand that profits are essential for business survival. They also know that some transactions may cost more than the selling price. First-rate sales professionals focus on maximizing profitable sales.



# Become a First-rate

## Sales Professional

### 4. First-rate sales professionals recognize problems as opportunities

An old joke that has made the rounds of numerous sales organizations goes like this:

*A sales rep for a shoe company was sent to prospect for customers in one of the world's most primitive backwaters.*

*Upon arrival, he wired back:*

*"No prospects here. Nobody wears shoes."*

He was brought home and replaced by a different sales rep. This one wired back:

*"Fantastic sales opportunity here. Nobody wears shoes!"*

#### **Problems are opportunities**

First-rate sales professionals think like that second shoe sales rep. You likely will not be asked to sell shoes to shoeless customers. But you will confront opportunities disguised as problems.

For instance, at certain times you will confront angry customers. They will be mad at you or someone else in your company for real or sometimes imagined mistakes.

Average sales professionals dread such calls. They let angry callers ruin their day and may postpone returning such calls for as long as possible.

#### **Irate customers are potentially your most loyal customers**

First-rate sales professionals think quite the opposite. They recognize that irate customers frequently become a company's best customers if they get their problem solved quickly to their satisfaction. That becomes a mission to be tackled with enthusiasm.

It's not always easy to do that. Solving a problem may require considerable detective work in tracing what went wrong. It may require a review of paperwork, several phone calls, and detailed questioning of various people working for your company, for the customer, and perhaps even vendor personnel.

You may find out that it was indeed your company's fault. Or, it may have been beyond your company's control.



*Solving a problem may require considerable detective work in tracing what went wrong.*





# Become a First-rate

## Sales Professional

### ***The customer doesn't care who's wrong***

In either case, it hardly matters. The customer doesn't care who's wrong. Explanations and excuses are likely to be viewed by the customer as nothing but buck-passing.

Don't worry about who's right and who's wrong. The focus must be on getting it right. It may be that an order was in fact delivered to the customer, who misplaced it at a jobsite. Where is a logical place to look for it on that jobsite? Maybe the delivery driver has some insight. Help the customer find it, without pointing out it was the customer's mistake.

### ***Volunteer to handle angry customers***

First-rate sales professionals don't shy away from angry customers. They seek them out and understand they are potentially customers for life.

### **5. First-rate sales professionals master the complex sale**

Much of the selling done by distributors falls into the category of "complex sales." A complex sale involves a long period of time and multiple decision-makers. In a complex sale, you are not looking to sell a single product or a single order.

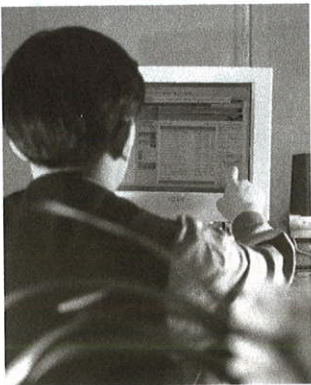
*Your goal is to make your company the supplier of choice for order after order, for as many products as the customer can reasonably use.*

Strong personal relationships with customers are always worthwhile. Yet with complex sales that is usually not enough to close a deal. Your customer may have to consult with others before deciding what to buy and where to buy it.

### ***Specification sales are complex sales***

For instance, some products carried by a distributor may fall under engineering specifications for certain applications. The specifying engineer may play no direct role in purchasing the products. However, the engineer determines, i.e., "specifies," which products are suitable for a particular purpose.

In this case, you may need to convince the engineer that the company's products meet the design criteria. This might involve providing technical information about the products in question, and answering any questions the engineer might have about their technical features and data.



## Become a First-rate

### Sales Professional

This requires considerable technical knowledge, or at least knowing where to obtain it quickly. It also entails knowing quite a bit about the customer's type of work and potential problems that may arise.

#### ***The complex sale requires persuading multiple parties***

If you convince the engineer to specify your products, that's only one step of the complex sale. Usually, yours will not be the only products that meet the specifications. So you must persuade the buyer that your products are better, or at least equal, to those specified. If your products are not demonstrably better than someone else's, you may have to sell your company as a more reliable supplier.

Sometimes a customer may sell a product to a different end-user. This means as part of the complex sale you also have to persuade that end-user that your products and your company constitute the best buy.

A key part of the complex sale is figuring out everyone who influences purchasing decisions. Identifying all the hidden technical, financial, and marketing advisers can be a challenge unto itself. You also must establish rapport with the gatekeepers who control access to the decision-makers.

Once you've convinced all the parties that your products are the best ones to use, the sale still isn't complete. Now you need to convince the customer to buy them from you rather than a competitor selling the same products. Negotiation skills may be needed here.

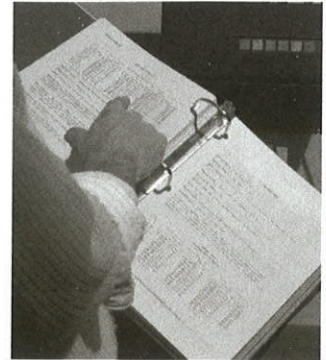
#### ***Complex sales have high stakes***

Generally, complex sales involve large orders and repeat buying patterns. These high stakes demand exceptional effort.

You may need to speak with many individuals before a complex sale is complete. And you may need to collect, organize, and present considerable technical and marketing data to persuade them that your products are their best value, and your company the best place to buy those products.

#### ***Your customers may not know what's best***

Another characteristic of the complex sale is that many of the decision-makers may not even understand what are the best products to buy for a given application. For instance, various piping systems may require different types of valves.



*Providing technical information requires considerable technical knowledge, or at least knowing where to obtain it quickly.*



# Become a First-rate

## Sales Professional

Even some engineers may not understand what's required the first time they work on a particular type of piping project. They will rely on the distributor and the distributor's sales team to educate them.

A first-rate sales professional accepts the challenge of knowing better than some customers what is in their best interest to buy. However, they also keep in mind that many customers have considerable education, technical knowledge, and licenses that document their expertise. They are very cautious about assuming they know better than a customer's technical experts do.

### ***Personal relationships count . . . to a point***

Strong personal relationships are advantageous. However, in a complex sales process they count for less than with one-on-one selling. When multiple decision-makers are involved, the value of a relationship with any one of them is diluted. Your friend is only one voice in the chorus.

### ***It's about value and performance***

Ultimately, the complex sale gets determined more by demonstrated value and past performance than relationships. First-rate sales professionals master the complex sale on its own terms. They do whatever it takes to provide value and perform in a way that exceeds expectations.

#### **The complex sales process requires:**

- 1. Acquiring superior product knowledge**
- 2. Developing an in-depth knowledge of your customer's business**
- 3. Identifying all the buying influences**
- 4. Persuading the buying influences that your products are the best for their purpose**
- 5. Persuading them that your company is the best source to buy them from**
- 6. Establishing the basis for a long-term, repeat buying arrangement**



# Become a First-rate

## Sales Professional

### 6. First-rate sales professionals are masterful communicators

It's all but impossible to reach the top rank of sales professionalism without being a first-rate communicator. The best sales pros make themselves understood by speaking and writing in a clear, concise way.

Odd as it may sound, being a great communicator requires keeping your mouth closed for long periods. You'll recall that when we addressed the topic of communications in Chapter 9, the emphasis was on developing your listening skills.

#### ***Talk is cheap***

A top-ranked salesperson will spend only about 10% of customer contact time talking. The other 90% will be spent listening to the customer speak, asking penetrating questions, and taking notes.

Accurate information is needed to identify customer needs, understand the customer's business, and avoid costly mistakes. Good listeners are more likely to obtain accurate information than people who interrupt speakers or whose minds wander when others are speaking.

*No one has ever listened themselves out of a sale, but many have talked themselves out of a sale.*

#### ***You must compensate for poor listeners***

The good listening skills of a top-rate salesperson may not be matched by that of most customers. Many may be poor listeners. They may hear only what they want to hear.

This makes it doubly important for you to have accurate information and be able to communicate it in a way that leaves no room for misunderstanding. Whether speaking to customers or putting words on paper, to be a master communicator you must make yourself clearly understood.

#### ***Master the English language***

Master communicators have good command of the English language. This doesn't mean you must speak like a college professor. On the contrary, you need to communicate at the level of your customers, few of whom are likely to be academic types. You need to convey complicated information in simple language.



# Become a First-rate

## Sales Professional



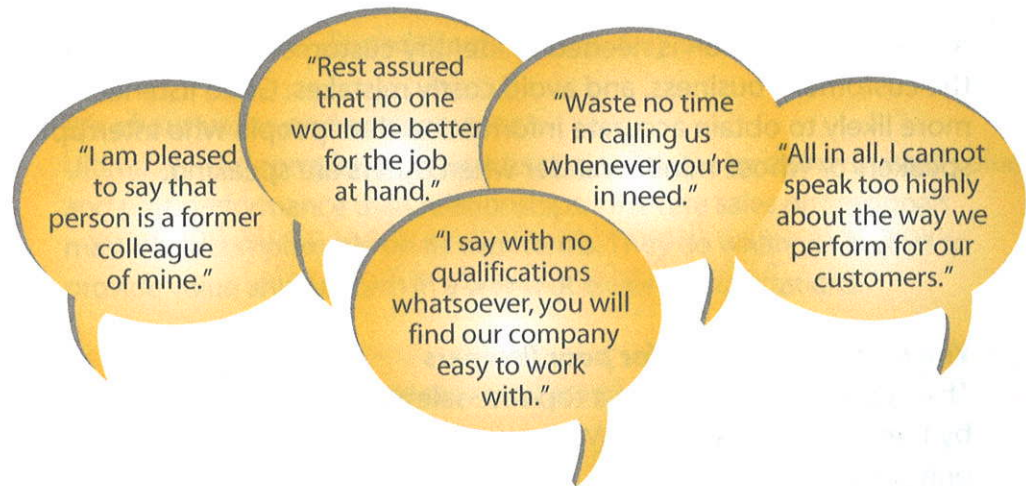
*It's important to master basic spelling, grammar, and punctuation.*

With correspondence, it's important to master basic spelling, grammar, and punctuation. Proofread everything you write. If you rely solely on your computer's spelling and grammar and spell check functions, you might find yourself in an embarrassing situation. Your skills don't have to be that of an English teacher, but a business letter riddled with errors conveys a bad impression to customers.

### ***Master communicators must be on guard against ambiguities***

Even the most articulate people sometimes can stumble over words that have double meanings, or because of clumsy syntax (the order of words in a sentence).

### **Consider the following statements:**



### ***How you say it is more important than what you say***

Studies have found that more than three quarters of the meaning of any spoken message is communicated not by the words spoken, but by tone of voice. Your tone can reveal anger, frustration, impatience, or any number of other negative emotions.

Or, your tone can be upbeat. This builds confidence in the customer that you are a good person to deal with. It tells the customer you can get the job done . . . if there's a problem, you can solve it . . . if there's something you don't know, you'll find out.



## Become a First-rate

### Sales Professional

To become a first-rate salesperson, you must learn to eliminate or at least disguise whatever negative emotions may be troubling you while you are on the job.

#### **Turn negatives into positives**

Consider the following scenario: A customer calls you on the phone to cancel an order. It's the third time in memory this customer has canceled an order. You suspect it's because he's been shopping your price around town and found someone willing to supply the same goods cheaper. A typical human reaction might go something like this:

*"You know, that's the third time you've canceled an order on me. It costs us money to prepare these orders, and I'd like to know why you keep doing this."*

This statement drips with hostility toward the customer. A first-rate salesperson might say something like this instead:

*"I just noticed this is the third time you've canceled an order with us. I apologize if we've done something wrong to cause this. Can you give me any insight about how these situations arise and anything we might do to prevent them?"*

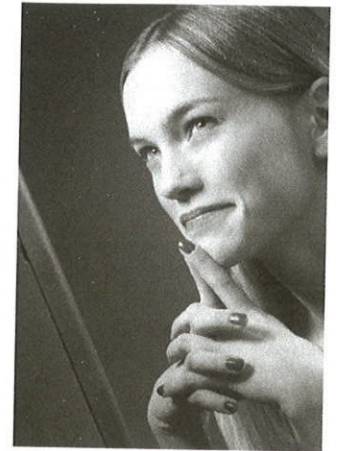
#### **Gather information constantly**

This latter response has a friendlier tone. Furthermore, it serves a useful function by potentially gaining more information about the customer and the customer's business.

The customer might come right out and say that another distributor offered a better price. Knowing that, you might be able to save the order by negotiating other terms. If not, at least you know for sure why you lost the order.

It may not be a price issue. Perhaps there is something about the nature of the customer's business that leads to last-minute cancellation of orders. Knowing this can be useful too. You might be able to suggest some ways to avoid the cancellations.

Day after day, a first-rate salesperson constantly gathers information about customers' businesses. Over time, this enables a salesperson to acquire almost as much expertise as the customers'.



# Become a First-rate

## Sales Professional

### **Overcome the barriers to effective communication**

We've already discussed one barrier to effective communication. A negative tone of voice will make it difficult for people to pay attention to anything else you say. Here are some other barriers that can hamper the communication process.

- **Different language levels**  
Adjust your vocabulary and speech pattern to the educational level of the person to whom you're speaking. You don't want to sound uneducated when speaking to sophisticated clients, nor do you want to sound stuck-up to customers who may not have a good command of English.
- **Conflicts and grudges**  
It's hard to communicate with someone with whom you have conflicts. You have to be extra careful about what you say and how you say it. A first-rate salesperson rises above it all. You may not like everyone, but it's important to put business before personal issues.
- **Unreliable information**  
A first-rate salesperson keeps catalogs, codebooks, and other reference sources as up-to-date as possible. Providing wrong information is worse than not being able to fulfill a customer's request for information. Office gossip and industry rumors are not considered reliable sources of information. A first-rate salesperson will not stoop to spreading gossip and rumors.
- **Different perspectives**  
Two people can view the same event and come away with different interpretations of what occurred. Keep this in mind when evaluating sources of information.
- **Perceptual biases**  
Stereotypes, interpersonal relationships, and cultural differences can lead us to mistrust or misplace trust in certain people. For example, information from a manager might carry more weight than a co-worker's version. Or something a friend tells us might be more believable than information from a stranger. A first-rate salesperson tries to base decisions on objective, factual information rather than opinions.



# Become a First-rate

## Sales Professional

### 7 First-rate sales professionals manage time effectively

We dealt extensively with this subject in the previous chapter. The importance of time management cannot be emphasized enough.

#### ***Do more with less***

Business today operates at a faster pace than ever before. Distributors are constantly under pressure to provide customers with more service at less cost. “Do more with less” is something of a battle cry throughout the modern business world. Distributors have no choice but to pass along that imperative to the sales staff and everyone else.

#### ***Time management helps avoid burnout***

People who can’t handle the pressure “burn out.” They fall behind in their work and never catch up. Performance suffers and they end up quitting in disgust or being fired. Sometimes they pay a price in stress that can impact their physical and/or mental health.

A salesperson must understand and accept that any sales job will involve pressure to perform. You must strive to increase sales and gross profit dollars in the face of relentless competition from others responding to the same kind of pressure. At the same time, you may be assigned more and more non-selling duties.

#### ***Time management requires planning***

First-rate sales professionals use every possible strategy and tool to manage their time effectively. Strategies include:

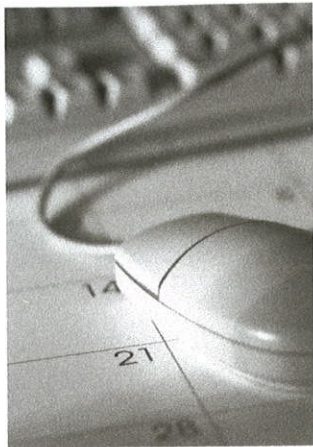
- **Planning**—a key to planning is setting goals. What do you hope to achieve in a day, a week, a month, a quarter?
- **Prioritizing**—some tasks are more important than others. Spend the most time on those tasks that are most important.
- **Organizing**—organize each workday and work week to accommodate your goals and priorities. Organize your files and work station so you can find and retrieve information efficiently.
- **Delegating**—don’t try to perform menial tasks if there are others around whose job descriptions include them.
- **Scheduling**—perform tasks during the time of day it makes most sense to perform them.





# Become a First-rate

## Sales Professional



*Salespeople should have computers with software that tracks customer information.*

### **Utilize time management tools**

Although the modern world creates time pressures, it also provides some wonderful tools to help deal with those pressures. Computers, software, email, smart phones, and other electronic devices enable us to perform tasks in a small fraction of the time that it once took.

Company policies vary on how many of these devices will be provided for you. At a minimum, virtually every salesperson can expect to have a laptop and/or a personal computer. These computers most likely will have software that tracks customer information.

### **Customer recordkeeping is of utmost importance**

Customers are the lifeblood of any distributor business, as well as the source of sales income. The most important time management task for a salesperson is to keep good customer records.

Customer recordkeeping goes beyond basic information such as name, address, title, etc. You'll want to collect as much information as possible about the person's business, buying habits, delivery preferences, etc. Personal information about birthdays, hobbies, and so on also can give you an edge.

### **Customer records need frequent updates**

Good recordkeeping also means frequent updating. People change jobs and positions within a company with greater frequency than ever before. The buyer who placed the last order with you may have moved on. As soon as you find out who the replacement is, make sure it is reflected in your records. (While you're at it, ask what the previous buyer is doing now. It just might be a lead to new business.)

### **8. First-rate sales professionals never stop learning**

Understanding your customers' business is perhaps the number one asset that can propel a salesperson to the top rank of the profession. This will take time. Novice sales professionals cannot hope to learn everything they need to know to be successful until years have passed.

Knowledge accumulates bit by bit over time, but there are ways to speed up the learning curve. You can acquire knowledge in many ways.



# Become a First-rate

## Sales Professional

### **Read, read, read**

Reading is among the most extensive and readily available means of speeding up your education.

*"The man who does not read  
has no advantage over the man who cannot read."  
- Mark Twain*

Do not put yourself on a par with people who are illiterate.

Some of the best reading material for a salesperson comes in trade publications. This includes those serving the distribution industry you're a part of, as well as those aimed at your customers' lines of work. Most trade magazines are free to persons working in the fields covered. Many trade publications publish their content online as well as in print. This gives you access to a great deal of current and relevant information.

You probably will not have time to read dozens of trade publications cover to cover. But you can skim them to get an inkling of what's important to your customers. And, you may even find one or two articles in some editions that are worth reading from beginning to end.

### **Educational opportunities are all around**

Some distributors pay for employees to attend educational events. Some of these may be conducted in-house, others off-site.

Many distributors belong to trade associations that provide educational seminars, as well as tapes, CDs, home study courses, and so on. These trade association programs usually provide some of the most pertinent learning opportunities. Take advantage of them at every opportunity.

### **Learn something new every day**

Make it a goal to learn something new every day. You can fulfill that goal simply by questioning your customers about their businesses and listening carefully to what they have to say and making notes in their files.

### **A salesperson enjoys a broad perspective**

Over time, the best sales pros may end up knowing more than some of their customers do about their own businesses.



*Some of the best reading material comes in the form of trade publications. This includes those serving the distribution industry you're a part of, as well as those aimed at your customers' lines of work.*



# Become a First-rate

## Sales Professional

Can a salesperson ever learn more about a business than people who make their living at it? While this may sound impossible, it's not unusual.

People who buy from distributors may know quite a bit of detail about running their own businesses, but some lack a broad perspective. They may know very little about how competitors do things. They may not know about industry trends beyond their little corner of the market. Many are unaware of new products that can make their jobs easier.

A knowledgeable salesperson can be a fountain of information to such people. In return, these customers are likely to buy more from a salesperson they can learn from than from those who merely sell them products.

### ***Knowledge grows obsolete***

A first-rate salesperson understands that much knowledge grows obsolete. New products, new systems, new techniques and applications constantly change the way things are done. So a first-rate salesperson never stops learning.

### 9. **First-rate sales professionals set and meet goals**

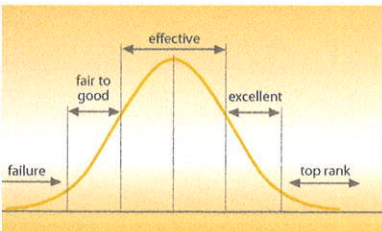
Mediocre salespeople meet their comfort level in income and slow down when they reach it. Remember the bell curve? These average people are the ones you'll find on the left side of that steeply curving line. They may be doing an acceptable job for themselves and their distributors. But they are not striving to be the best.

First-rate sales professionals set goals that will propel them to the far right-hand edge of the bell. They want to finish on top in sales performance. This is how they maximize their income and advancement opportunity.

It is surprising how many top performers are motivated by factors other than money. First-rate sales professionals tend to be fierce competitors. To some, achieving goals means even more than money.

### ***Company goals motivate everyone***

Many distributors set goals for their sales team. They may be called "targets" or "quotas" or some other term. These goals are used for the purpose of establishing company financial budgets for the following year.



# Become a First-rate

## Sales Professional

For instance, a distributor that sold \$10 million worth of goods this year may want to increase sales by 10% the next. This would require selling an extra \$1 million of merchandise. If this distributor employs 10 sales reps, those reps may be assigned quotas of achieving \$100,000 more in sales apiece next year. In many cases, there would be special incentives provided for reaching the target.

Company goals like that are common in distribution. They motivate everyone on the sales team to perform at a higher level.

### ***Individual goals aim higher***

A first-rate salesperson will achieve company goals but will never be satisfied doing so. The first-rate sales professional aims to lead the pack. This means striving to achieve not only company goals, but individual goals that are set even higher. A worthy objective is to finish as the highest performer in your company.

### ***Goals must be measurable and attainable***

Something to keep in mind about goals is that they need to be:

## GOAL

1. Measurable
2. Attainable

For instance, setting a goal “to be the best salesperson in our company” may be a nice attitude, but it’s not measurable. Being the “best” needs to be defined. Does it mean most sales, most gross margin dollars, or something else?

It’s also important that a goal be attainable. Setting a goal to double sales from one year to the next in most cases would not be realistic. Aiming to increase sales by 15% at improve margins may be hard to achieve but more doable.



# Become a First-rate

## Sales Professional



*A first-rate salesperson recognizes co-workers are indispensable to the salesperson's success.*

### **Aim high**

A first-rate salesperson aims high. That means going beyond company goals.

### **10. First-rate sales professionals are team players**

Your internal customers are the co-workers you interact with to deliver customer orders and services. A first-rate salesperson recognizes that they are indispensable to the salesperson's success.

### **Superstars are losers without support**

You may be a fan of professional team sports. Hardly a week goes by when the sports pages don't report about some team floundering because of dissension caused by a self-centered star player.

No matter how good a football, basketball, baseball, or hockey player may be, no team can be a winner relying on one superstar to make all the plays. Teams with superior individual talent usually lose to lesser teams that play as a more cohesive unit.

### **Distribution requires teamwork**

So it is within any distribution organization. An outside salesperson cannot do every task required to make a sale and service a customer. Other people in the organization are required to locate the products and pull them from the shelves, to process the order, and deliver it. You need to rely on others with specialized knowledge of engineering, specifications, codes, etc., to make complex sales.

In particular, an outside salesperson is likely to end up working with inside salespeople who call on the same clients. Tension between these parties can potentially destroy otherwise lucrative customer relationships.

### **Teammates don't have to like one another**

A first-rate salesperson is likely to have strong personal relationships with various co-workers. This makes it easy to be a team player.

The real sign of professionalism, however, is when you can reach peak performance even with people you don't like or vice versa. Your distribution company is likely to employ scores or even hundreds of people. Among that many people, personality conflicts are almost inevitable.



## Become a First-rate

### Sales Professional

Character counts in these situations even more than when everyone is friendly. This is when you need to put business interests above personal issues.

#### ***Develop a businesslike approach to your job***

Friends are apt to overlook mistakes and cover for you. Adversaries may be looking for opportunities to point out your mistakes. This makes it even more important to master the details of your job when dealing with such people.

When working with people you don't get along with too well, be doubly sure all the information you provide is accurate. Paperwork and other documents need to be squared away.

Take special care to communicate clearly with adversaries. Avoid filling your conversations and written messages with irony, jokes, and sarcasm as you might do with friends. Your attempts at humor are likely to be misinterpreted and unappreciated.

Personal conflicts can make for an uncomfortable working environment, but there is a bright side. Adversaries can keep you on your toes in a way friends do not. By forcing you into a strictly businesslike posture, unfriendly co-workers can nudge you the final few steps toward first-rate sales professionalism.

#### ***Convert adversaries into allies***

Even better, you should try to convert your adversaries into allies. If tensions exist with co-workers, try to find out how they developed and see whether you can rectify the situation.

People hold grudges for all kinds of reasons. Some are silly. That's why most people don't like to acknowledge holding a grudge. If you feel hostility against you, sometimes all it takes is a personal conversation with the other party acknowledging the tension and asking to bury the hatchet. If it stems from something you said or did that offended the other party, a simple apology may set things right.

It doesn't matter who started it or who's right or wrong. A large step toward first-rate professionalism is taken when a salesperson takes a pro-active step toward resolving conflict.



# Become a First-rate

## Sales Professional

### 11. First-rate sales professionals exhibit personal integrity

Resolving interpersonal conflicts is one sign of personal integrity. Many other aspects of personal integrity come into play as a component of first-rate sales professionalism.

One challenge in particular arises constantly among sales professionals. It's the pressure to tell self-serving lies.

#### ***Phonies don't last***

Top sales professionals struggle to dispel the stereotype that pegs them as glib, fast talkers willing to say anything to make a sale. Unfortunately, there are some salespeople who reinforce that image. You won't find many among the top ranks of sales professionals in the distribution industry, however. Phonies don't last long in the distribution business.

*Success is hinged to lasting business relationships rather than single encounters.*

#### ***Expedient lies kill relationships***

Opportunities abound to get out of ticklish situations by telling expedient lies. Someone needs something fast, so you try to get the business by telling him it's in stock when it's not. You say it will be delivered the next day when you know that's impossible. When the customer calls the next day to find out why it hasn't arrived, you blame it on a truck breakdown.

Fibs like this are told every day in the distribution business—but not by first-rate sales professionals. They know that lies often backfire. If the other party finds out, it can spoil a business relationship forever.

*A first-rate sales professional knows that a lie eventually is discovered.*

Even if it doesn't, it's still wrong.



# Become a First-rate

## Sales Professional

### Personal integrity also means...

- **Owning up to mistakes and not trying to blame them on someone else**
- **Promoting all the advantages of doing business with you, but without bad-mouthing competitors**
- **Selling customers quality products to fulfill every conceivable need, but not selling them things they don't need**
- **Being friendly and personable in all business dealings**
- **Avoiding gossip, rumors and snide comments that harm other peoples' reputations**
- **Not covering up for co-workers you know to be stealing or engaged in other bad behavior**
- **Taking part in charitable and community activities**
- **Following the Golden Rule**

### ***The Golden Rule has no qualifiers***

The "Golden Rule" says to treat others the way you want to be treated.

The Golden Rule doesn't contain any qualifiers. It doesn't say treat others the way you want to be treated when it's convenient to do so.

*Live by the Golden Rule,  
and many of the other elements of first-rate sales  
professionalism  
will fall into place automatically.*





# Become a First-rate

## Sales Professional

### 12. First-rate sales professionals take pride in what they do

The final element of first-rate sales professionalism is a sum of the previous eleven points.

Once you elevate yourself into the top ranks of sales professionalism, an interesting phenomenon takes place. Suddenly, you no longer feel any stigma about identifying yourself as a salesperson. The apologetic tone disappears when you describe to strangers what you do for a living.

First-rate salespeople are proud to tell others what they do for a living. They develop rapport, assess the prospect's needs, and then propose a solution that fills those needs. When a prospect doesn't see the benefit right away and expresses objections, the first-class salesperson finds ways to help the prospect understand that those objections might not be valid. They help people to make a decision from which they will benefit. Superb salespeople understand that selling is something that they do **FOR** people and not **TO** people.

First-rate salespeople create their own personal brand that explains their vision and gives them a chance to stand out from their competitors. An accomplished salesperson might include the following statement on his or her business cards: "An experienced and talented sales leader."

#### ***Selling is an honorable profession***

Selling—especially the complex selling that characterizes most distribution transactions—is an honorable profession.

In fact, when you reach that elevated stage of understanding, it doesn't even feel like selling anymore. You become more like a social worker, helping people in need. Even better, you are helping friends in need.

#### ***Being the best brings rewards***

When you become among the best at what you do, you'll likely find your income and status rise accordingly. You'll feel good about yourself and your achievements.



## Become a First-rate

### Sales Professional

The first-rate salesperson takes pride in earning a good living. You take pride in helping a distribution company succeed. You take pride in helping customers make intelligent buying decisions.

Becoming a first-rate sales professional should be the goal for everyone hired for this position.

You deserve congratulations on completing this course. But don't just put this book away and forget about it. Keep it nearby as a knowledgeable companion, mentor, and advisor on building your career as a first-rate outside sales professional.

To help you start practicing the good ideas you have learned, make copies of the many checklists on 3" x 5" note cards and post them on your computer, on your bathroom mirror, or around your office at home. When it's time to call an unhappy customer, take out this book and read Chapter 9 about handling problem customers. Refer to Chapter 3 and 4 for ideas about how to increase your company's profits—and your own! Review the book to help you prepare for company planning meetings and for setting goals for yourself. Think of how you can start implementing admirable sales practices. Make a progress plan for yourself. Then . . .

*Celebrate your accomplishments!*



## Quiz

## Become a First-rate Sales Professional

- 1. When applied to sales in the distribution business, the term “win-win” means that**
  - A. salespeople and employers sell as much as they can.
  - B. salespeople and employers benefit from a transaction.
  - C. customers, employers, and salespeople benefit from the transaction.
  - D. customers get everything they want from the distributor.
  
- 2. Without distributors, which of the following would likely hold true in most markets?**
  - A. Manufacturers would make more money.
  - B. Goods would cost less without the distributor.
  - C. Goods would get to end users inefficiently.
  - D. Manufacturers could provide the same services more cost-effectively.
  
- 3. First-rate sales professionals believe in all of the following concepts EXCEPT**
  - A. Their company sells superior products.
  - B. Distributors add value to the products they sell.
  - C. Distributors deserve their margins.
  - D. Distributors serve their customers not their suppliers.
  
- 4. Outside salespeople are much less likely to submit to the Stockholm Syndrome when they**
  - A. understand business math and the dollar value added by the distributor.
  - B. spend most of their time with talkative customers.
  - C. question the value of the company’s products.
  - D. get very involved in a customer’s personal life.
  
- 5. When handling a complex sale, the PRIMARY goal of a sales professional is to**
  - A. spend a great deal of time contacting multiple decision makers.
  - B. make your company the supplier of choice for the customer.
  - C. acquire superior knowledge about the customer’s needs.
  - D. persuade gatekeepers to provide access to decision makers.



# Quiz

## Become a First-rate Sales Professional

- 6. First-rate sales professionals typically think that problems they face are**
- A. impossible to solve.
  - B. sales opportunities.
  - C. inevitable in sales.
  - D. misplaced anger.
- 7. What does a first-rate sales professional do with angry customers?**
- A. Turns them into loyal customers
  - B. Refers them to supervisors who have more experience
  - C. Avoids them whenever possible
  - D. Persuades them that the company was not at fault
- 8. A key to success in complex selling is**
- A. maintaining a personal relationship with one customer in the company.
  - B. providing next-day delivery capability for all the products you sell.
  - C. making cold calls to acquire technical knowledge.
  - D. identifying everyone who influences purchasing decisions in the company.
- 9. To be a great communicator and a successful sales professional, you should**
- A. learn several languages in addition to English.
  - B. listen attentively when the customer speaks.
  - C. speak at least 50% of the time.
  - D. think of a response while another person is speaking.
- 10. According to many studies, which of the following is even more important to communicating a speaker's meaning than the words themselves?**
- A. Eye contact
  - B. Tone of voice
  - C. Context of the words
  - D. Flawless grammar



## Quiz

Become a First-rate Sales Professional

**11. When dealing with co-workers, first-rate sales professionals**

- A. are especially careful to communicate clearly with their friends on the team.
- B. avoid co-workers who create tension among the members of the team.
- C. work well professionally with team members they don't like personally.
- D. look for opportunities to be the most important player on the team.

**12. In order for a goal to be meaningful, it must be**

- A. connected to some type of reward.
- B. a vision that inspires action.
- C. measurable and attainable.
- D. realistic but difficult to achieve.

*(Answers below)*

*Answers: 1-C; 2-C; 3-D; 4-A; 5-B; 6-B; 7-A; 8-D; 9-B; 10-B; 11-C; 12-C*

## Congratulations!

Now that you've completed the course, think about whether you feel you understand the basic ideas, the important facts, and if you have answered the questions in the chapter quizzes correctly. You might want to review the material one more time if you're not confident.

**Contact your supervisor when you feel ready to take the Final Exam.**



## GLOSSARY

### Common Wholesale Distribution Terms

#### **A-Level Customers**

A firm's most important customers; generally customers at the top of the list when measured by sales, gross margin dollars, and profits. *Also called Top-Level Customers*

#### **Accounts Payable —**

Money owed for goods/services as shown on the books of the company that purchased those goods or services.

#### **Accounts Receivable —**

Money owed for goods/services as shown on the books of the company that sold those goods or services.

#### **Accounts Receivable Days —**

Average amount of time in days it takes a distributor (or other business) to collect money owed from customers.

#### **Acquisition Cost —**

Amount of money spent on advertising/promotion to acquire a new customer.

#### **Added Value —**

Increase in price of goods to pay for related services that make the goods more valuable or moves them more quickly to point of use. *Also see Value-added services.*

#### **Affirmations —**

A technique used by sales professionals to maintain a cheery disposition and positive mental attitude that consists of positive statements they repeat often to themselves.

#### **Asset —**

Anything owned that has value. Some assets of a distribution business include inventory, equipment, real estate owned, accounts receivable, owners' equity (money owners invested in the business) and cash on hand.

#### **Assumptive Close —**

A closing technique that assumes the customer will buy; most commonly exercised by giving the customer a choice of two or more buying options.

#### **Back Order —**

Order placed for goods not available at time of original sales transaction.

#### **Bar Code —**

Electronically readable codes affixed to merchandise, packages, pallets or shelves for efficient counting and other recordkeeping.

#### **Benefit —**

The value experienced by the customer.

#### **"Big Box" —**

Nickname given to warehouse home center mass merchandisers. *Also see Home Improvement Center; Mass Merchandiser.*

#### **Bottom Line —**

Term used loosely to mean profit left after expenses. The final bottom line is profit after all expenses are paid, including income taxes.

#### **Branch —**

A small warehouse and sales facility set up by a multi-location distributor to serve a local market.



# GLOSSARY

## Common Wholesale Distribution Terms

### **Brand —**

A name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers. The legal term for brand is "trademark." A brand may identify one item, a family of items, or all items of that seller.

### **Brand Name Products —**

Products typically ordered by brand name, which are perceived to have special features or attractive elements that make them different from similar products.

### **Breakeven Point —**

When expenses match revenue.

### **Broker —**

An agent who, for a commission, negotiates a transaction between a buyer and a seller of goods but does not take possession of, or title to, the goods.

### **Buying Group —**

Organization of wholesaler-distributors (or some other category of businesses) that band together for joint purchasing in order to obtain greater volume discounts.

### **Carrying Costs —**

Expenses that accrue when inventory sits on a shelf or money owed goes uncollected.

### **Central Distribution —**

Practice of maintaining a large wholesale-distribution warehouse to store large quantities of merchandise, which get broken into smaller lots for shipment to branches.

### **Channel of Distribution —**

*See Distribution channel*

### **Cherry Picking —**

Buying only the fast moving items of a vendor's product line.

### **City Counter —**

Supply house counter where customers come to order/pick up merchandise.

### **Close —**

Question(s) that the salesperson asks the prospect/customer that confirms the sale. A close can also mean a measurable, significant advancement to the next level of a purchase decision.

### **C.O.D. —**

Collect on delivery; status given to customers of unknown or poor credit standing.

### **Cold Calling —**

Unsolicited selling to unfamiliar person: the practice of trying to sell things by telephoning or personally calling on people who are not known to the seller.

### **Commission —**

1. Compensation granted to sales employees based on a percentage of what they sell;
2. Money made by a broker who has negotiated a transaction;
3. Money paid to a contractor for referring a buying consumer/customer to a distributor's showroom.



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### **Commodity —**

Product that is usually produced to detailed standards so that it is nearly identical to other such products.

### **Consumer —**

A customer who buys something for personal use rather than for business use or resale.

### **Contact Management System —**

A system, usually software-based, that enables a salesperson or organization to gather, organize, maintain, share, and access qualification and prospect activity information.

### **Contractor —**

A person, often in the building trades, who contracts to do specific work for an agreed-upon sum.

### **Cost of goods sold (COGS) —**

A figure representing the cost of buying raw material and producing finished goods. Included are precise factors, i.e. material and factory labor, as well as others that are variable, such as factory overhead.

### **Cost-plus pricing —**

A method of determining the price of a product or service that uses direct costs, indirect costs, and fixed costs whether related to the production and sale of the product or service or not. These costs are converted to per unit costs for the product and then a predetermined percentage of these costs is added to provide a profit margin. The resulting price is cost per unit plus the percentage mark-up.

### **Counterfeit Goods —**

Inferior items, usually made in foreign countries, illegitimately passed off through labels, markings, etc., as popular brand name goods. *Also called "Knockoffs."*

### **Counterman/Counterperson —**

Distributor employee whose job is to serve customers at the warehouse sales counter (city counter).

### **Credit —**

1. Buying now to pay later; 2. Dollar allowance or rebate given in a distributor customer's account

### **Customer Price Sensitivity —**

The degree to which the price of a product affects consumers purchasing behaviors. The degree of price sensitivity varies from product to product and from consumer to consumer.

### **CSR —**

*See Customer Service Representative.*

### **Customer Service —**

Understanding how customers make money and assisting in those efforts.

### **Customer Service Representative (CSR) —**

Employee whose main duties are to interact with customers and solve problems.

### **Dating/Dating Terms —**

Agreement between a vendor and distributor or distributor and its customer to extend a payment period.





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### **“Deadbeat” —**

Slang for a person or company that often owes a past due account.

### **Dead Stock —**

Inventory items that haven't sold in a long time, usually after a year of purchase, and whose sales prospects are dim.

### **Dealer —**

A contractor or other installation/service provider authorized to handle certain products requiring certification.

### **Demand —**

Desire of potential buyers for a given product or group of products.

### **Direct Costs —**

Expenses that can be tracked for sales of specific products.

### **Direct Selling —**

Circumventing the normal chain of distribution by cutting out one or more parties in the chain, usually pertaining to a manufacturer selling directly to a wholesaler's customers. *Also see DTU (direct to user).*

### **Distribution —**

The process by which goods produced move from producer to end users.

### **Distribution Center —**

Large warehouse used for central distribution.

### **Distribution Channel —**

The path of distribution for a given category of products, usually based on greatest efficiency.

### **Distributor —**

*See Wholesaler-Distributor.*

### **DIY —**

Do-it-yourself. Refers to a consumer who tries to bypass hiring a contractor or to a retailer who sells to such a consumer.

### **“Dogs” —**

Nickname given to slow-moving inventory items.

### **Drop Ship —**

Manufacturer drops a shipment off at a jobsite or a customer facility, although a wholesaler makes the sale.

### **DTU —**

Selling direct to (end) user, usually in the context of bypassing the wholesaler or contractor in the supply chain.

### **Dumping —**

Selling merchandise at prices below prevailing market rates, usually used to describe foreign manufacturers selling at less than production cost in order to subsidize a local industry and/or company.

### **E-commerce (Electronic Commerce) —**

Sales transactions taking place electronically via computers, especially over the Internet.



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**Economic Order Quantity (EOQ) —**

The amount of orders that minimizes total variable costs required to order and hold inventory.

**80/20 Rule —**

See *Pareto's Law*

**End-user —**

The final customer for whom a product or service is intended. An end user may be a consumer or customer using the product for a non-personal use.

**Expense —**

1. A charge incurred in order to generate revenue or maintain business operations; 2. A charge, such as travel or lodging cost, generated by an employee doing business outside the office.

**Fill Rate —**

The percentage of orders or line items filled completely.

**Fixed pricing —**

A method of determining the price of a product that means there is no bargaining allowed over the price of a good or, less commonly, a service.

**Functional Discount —**

Discount provided for performance of specific functions, often used to describe the discount passed on to members of a buying group.

**Gatekeeper —**

A person or group that controls access to somebody or something.

**GMROI —**

Gross Margin Return on Investment, a key financial measurement for wholesaler-distributors.

**Gross Margin —**

The ration of gross profit to sales revenue; sometimes used as a synonym for gross profit. For a manufacturer, gross margin is a measure of a company's efficiency in turning raw materials into income; for a retailer it measures their mark-up over wholesale. Gross margin is gross income divided by net sales, expressed as a percentage.

**Gross Profit —**

The difference between the cost of merchandise and net sales, usually expressed in dollars. [Net sales minus COGS]. The dollar amount of gross profit is the same as the gross margin expressed in dollars.

**Gross Sales —**

Sales revenue prior to subtracting discounts, allowances, and returns.

**Home Improvement Center —**

Retail business specializing in various building products. Large home improvement centers are often called "big boxes". Also see *Mass Merchandisers*.

**HVAC/R —**

Heating-Ventilating-Air Conditioning-Refrigerating.

**Income —**

See *Revenue*.

**Income statement —**

See *Profit and Loss (P&L) Statement*



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### **Indirect Costs —**

Expenses, often operating costs, which cannot be tracked for specific product sales. *Also see Operating Expenses.*

### **Inside Salesperson —**

Salesperson who remains in the sales facility and generally sells over the phone.

### **Internal customer —**

Anyone in the organization—a coworker, another department, or a distributor—who depends upon someone else in the organization to provide products or services which in turn are utilized to create another deliverable for the external customer.

### **Inventory —**

Items stocked in a warehouse for sale or redistribution.

### **Inventory Turns —**

Number of times inventory gets sold and reordered (“turned over”) in the course of a year. *Sometimes called “Turns.”*

### **Invoice —**

Bill of sale.

### **JIT —**

Just in Time. *See Just in Time Delivery.*

### **Jobber —**

Old term for a wholesaler, pertaining to the wholesaler’s function in coming up with material quotes for customers’ job bidding.

### **Just in Time (JIT) Delivery —**

Delivery at the time the goods are needed, rather than on a set delivery schedule.

### **Knockoffs —**

*See Counterfeit Goods.*

### **Line —**

*See Product Line.*

### **Line Item —**

Line on an invoice pertaining to a single SKU.

### **List-less Pricing —**

Discounted amount of the “list price” (selling price of something as stated in a catalogue or price list).

### **Loss Leader —**

Product deliberately sold at cost or below for promotional purposes and to pull in customers who may then make other purchases too.

### **Loyalty Discount —**

Discount given, usually by a manufacturer to a distributor, based on purchase of either a complete line of goods or additional lines besides those most desired by the buyer.

### **Manufacturer —**

1. A company that makes goods; 2. An individual employed by a manufacturing company.

### **Manufacturer’s Rep/Agent —**

Independent businessman/company acting as a vendor’s sales representative.



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### **Marketing —**

All business activity involved in the moving of goods from the producer to the consumer, including selling, advertising, packaging, etc.

### **Mark-up —**

Amount added to the cost of goods sold to determine the selling price, usually expressed as a percentage of the COGS. *An item purchased for \$75 and sold for \$100 was marked up 33.3% [ $\$100$  minus  $\$75 = \$25$  markup]; [ $\$75$  divided by  $\$25 = 33.3\%$  mark-up].*

### **Mass Merchandiser —**

Large retail store selling to consumers. In the PHCP industry, home improvement centers are often mass merchandisers selling PHCP products. Large stores or chains may be called “big boxes” or home improvement centers.

### **Master Distributor —**

A distributor that specializes in stocking complete inventories, including less popular items, of a limited number of vendors, usually for sale to other distributors.

### **Merchandising —**

Marketing activities designed to attract the interest of the customer, including selection, packaging, pricing, promotion and display of goods.

### **MRO —**

Maintenance/Repair/Operations; a customer that buys PHCP goods for those purposes.

### **National Brand —**

A nationally distributed product brand name. May also be distributed regionally or locally.

### **Net Earnings —**

*See Net Income.*

### **Net Income —**

Revenue left after subtracting all expenses, including income taxes and interest. *Also called Net Earnings or Profit.*

### **Net Income Before Taxes —**

Revenue left (profit) after paying COGS and operating expenses but before paying income taxes Operating Income or Earnings Before Interest and Taxes. *Sometimes referred to as Net Profit.*

### **Net Operating Income —**

*See Net Income Before Taxes.*

### **Net Profit —**

The company's total earning, reflecting revenues adjusted for costs of doing business, depreciation, interest, taxes and other expenses.

### **Net Sales —**

Sales revenue minus discounts, returns, and allowances.

### **Objection —**

A statement of challenge or rejection by a prospect or customer of a feature, benefit, product or service that can be helpful to the sales process in that it can indicate about what a prospect or customer is concerned.

### **Obsolescence —**

Condition which occurs when products are no longer made (are “obsolete”), usually having gone out of demand or out of fashion.



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## Common Wholesale Distribution Terms

### **OEM —**

Original Equipment Manufacturer; a customer that buys PHCP goods for assembly into larger products.

### **Operating Expenses —**

Administrative expenses resulting from general costs of doing business, not including cost of goods sold, income taxes, or interest payments. Operating expenses generally are indirect costs such as rent, utilities, salaries, etc. *Also referred to as Overhead.*

### **Opportunity Cost —**

The cost associated with having money tied up elsewhere (in inventory on-shelf or debt) so that it is not available to take advantage of some other business opportunity.

### **Outside Salesperson —**

A salesperson who calls on customers at their businesses, or other outside locations, rather than selling at the business facility by which the salesperson is employed.

### **Overhead —**

Costs associated with providing and maintaining a manufacturing or working environment, such as renting the building, heating and lighting the work area, supervision costs and maintenance of the facilities. Overhead also includes indirect labor and indirect material.

### **Pareto's Law —**

An unexplained statistical relationship that applies to numerous business calculations (and other non-business calculations). In business, Pareto's Law states, for example, that 20% of the products produce 80% of the profits. *Also known as the "80/20 Rule."*

### **Past Due —**

An account overdue on payment.

### **Personal Branding —**

A technique that successful salespeople use to market themselves to customers and prospects. It emphasizes the qualities that make them stand out in customers' minds as more attuned to the customers' interests and superior to salespersons from competing vendors.

### **Personal Brand Statement —**

A short statement that helps prospects and customers understand that the salesperson is the solution to their problems.

### **Pre-approach—**

The step in the sales process whereby the salesperson prepares for a productive sales call by learning as much as possible about the prospect's size, the markets served, current suppliers, buying routines, decision-making process, and the issues faced.

### **PHCP —**

Plumbing-Heating-Cooling- (industrial) Piping



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### **P&L Statement —**

Profit and Loss Statement.

### **P.O.P. —**

Point of purchase, often pertaining to retailer promotional displays.

### **Power of One —**

An individual's ability to make a huge difference in a company's profitability and one's own status through tiny improvements in job performance.

### **Premiums (Marketing) —**

Relatively large and expensive promotional giveaways such as wearing apparel and sporting goods.

### **Price-based Marketing —**

The marketing of products based mostly upon price.

### **Private Label —**

Product sold under a brand name of a supply chain customer rather than the actual manufacturer, with the permission of the manufacturer.

### **Product Line —**

Single category of goods provided by a vendor.

### **Productivity (Personnel) —**

A measure of how much each employee adds to the company's sales or profits. In PHCP distribution, employee productivity is usually calculated as the average sales per employee (even for employees who are not salespersons).

### **Profit —**

*See Net Income.*

### **Profit and Loss Statement —**

A concise financial statement that reports a company's revenues, expenses, and final profit or loss. *Also called an Income Statement or P&L.*

### **Promotions (Marketing) —**

Special, time-limited selling campaigns, often including lowered sales prices, discounts, or giveaways, designed to promote sales of certain products.

### **Promotional Allowance —**

A percentage of sales revenue given to distributors or others in a supply chain to promote a product line.

### **Prospect —**

(Noun) An individual or organization with a need for a particular product or service, the potential for or existence of an understanding of that need and the potential to ultimately purchase the product or service.

### **Prospecting —**

The activity of proactively seeking out potential buyers of a product or service and approaching them through personal contact (either in-person, over the phone, or via one-to-one email or fax) with the intent of selling them a needed product.

### **PVF —**

Pipe, Valves, and Fittings. Usually refers to industrial distributors' inventories.



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### **Qualify —**

To determine the purchasing potential of a suspect, prospect or customer.

### **Rebate —**

Form of payment granted to parties in a supply chain at given times of a year based on level of purchases or other defined activities.

### **Receivables —**

*See Accounts Receivable.*

### **Receivables Days —**

*See Accounts Receivable Days.*

### **Replacement Sales —**

Sales that do not grow the business but merely replace sales that are lost through attrition or other factors.

### **Retailer —**

A business that sells primarily to consumers.

### **Return on Investments (ROI) —**

Net income as a percent of total company assets. [Net income divided by total assets.]

### **Revenue —**

Total amount of money taken in by a business through sales and other earning activities. Also referred to as "Volume" and "Income."

### **ROI —**

Return on Investments.

### **Sales Plan —**

A document that defines a company's sales goals and the means of achieving them. The plan provides details that answer what is to be sold, in what period, and to whom it will be sold.

### **Sales Process —**

A systematic verified, systematic set of steps for selling a product or service.

### **Sales Representative —**

*See Manufacturer's Sales Rep/Agent*

### **Showroom Salesperson —**

A salesperson who sells to consumers in a distributor's showroom.

### **Shrinkage —**

Inventory that gets lost, stolen or broken.

### **SKU —**

Stock-Keeping Unit.

### **SMART Sales Goals —**

Goals that are specific, measurable, realistic, agreed upon, and time-based.

### **Specialties (Marketing) —**

Promotional giveaways which are smaller and less expensive than premiums, such as pens, pencils, and key chains.



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## Common Wholesale Distribution Terms

### **Stock-Keeping Unit (SKU) —**

An identification symbol, often alpha numeric (containing both letters and numbers) which can be used to track a particular item for inventory purposes. SKUs are often printed on product bar codes.

### **Supply —**

Amount of goods available for sale.

### **Supply Chain —**

All participants in a channel of distribution.

### **Trade Discount —**

Discount provided by distributors to licensed or otherwise qualified contractor customers.

### **Transaction —**

A completed sale, agreement, or business deal.

### **Trial Close —**

An inoffensive check on the buyers' readiness to buy that allows the salesperson to close or continue the process toward the close.

### **Turns —**

*See Inventory Turns.*

### **Upsell —**

To sell a prospect or customer a product or service of higher value.

### **Value-added Services —**

Services provided by the distributor which add to the value (and the cost) of products by making products more readily available or more useful to the end-user. Some value-added services include Just-in-Time delivery, job bidding, customer credit, and product training.

### **Value-based Marketing —**

The marketing of products based upon a combination of price plus additional seller services or product features, which make the products valuable to the customer. Brand names and value-added services are among factors that increase the value of products being marketed.

### **Velocity Pricing —**

Pricing system based on speed with which products move, i.e., usually discounting faster moving items more steeply than slow movers.

### **Vendor —**

A company that sells goods or services to another company.

### **Vendor-Managed Inventory (VMI) —**

A value-added service, usually offered to industrial customers such as OEMs and MROs, which requires that the distributor take the responsibility for making sure that the customer never runs out of critical items needed to keep the customer's business operating.

### **VMI —**

Vendor-Managed Inventory.

### **Volume —**

*See Revenue.*





# GLOSSARY

## Common Wholesale Distribution Terms

### **Wholesaler —**

A business that sells to retailers, contractors, or other types of businesses, but NOT to end users, at least not in significant amounts.

### **Wholesaler-Distributor —**

A wholesaler that buys and owns the products prior to reselling them to its customers.

### **WIIFM or WIIFem —**

Sales factor acronym—**what's in it for me** or **what's in it for them**— used to describe what should be the focus of any communication with a prospect or customer.

